Austria ... Sch 15	Indonesia ... Rp 1600	Philippines ... Pes 20
Bahrain ... Din 0.650	Italy ... L 1100	Portugal ... Esc 65
Belgium ... BFr 35	Japan ... Y550	S. Arabia ... Rls 6.00
Canada ... C$1.50	Jordan ... Fils 500	Singapore ... S$4.10
Denmark ... DKr 7.00	Kuwait ... Fils 500	Spain ... Pta 95
Egypt ... ECI 00	Lebanon ... L 6.00	Sweden ... SKr 6.50
Finland ... Fmk 5.00	Luxembourg ... LFr 35	Switzerland ... SFr 2
France ... Fr 5.00	Malaysia ... Rm 4.25	Tunisia ... Din 0.600
Germany ... DM 2.00	Morocco ... Dh 6.00	Turkey ... L 130
Greece ... Dr 60	Netherlands ... Fl 2.75	U.A.E. ... Dh 6.50
India ... Rup 15	Norway ... NKr 6.00	U.S.A. ... $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,021 — Friday March 11 1983 — D 8523 B

Chirac as conqueror of Paris scents victory, Page 2

NEWS SUMMARY

GENERAL

Walesa warns of hard line by unions

Solidarity trade union leader Lech Walesa said he and his followers would organise demonstrations, hunger strikes and labour strikes to win the release of jailed union members in Poland.

His interview with West German television marked a hardening of his relationship with the Polish government.

"What is there to talk about or negotiate when there are arrests and convictions?" he asked, saying the Government was "dishonest." Page 20

Nkomo family held

Zimbabwe police detained Joshua Nkomo's wife, son-in-law and daughter for questioning after the Opposition leader fled to Botswana to seek asylum. Page 4

Lima clashes

Three were shot dead and four injured by Peruvian police when a crowd attacked a bus on the outskirts of Lima, during a 24-hour protest strike which shut half the capital's factories and prompted a state of emergency. Page 5

Miners vote 'no'

British miners voted 3-2 against a strike over pit closures, a sharp rebuff to militant union leader Arthur Scargill. Page 20

Malaysian appeal

Malaysian Cabinet Minister Datuk Mokhtar Hashim served notice of appeal against a death sentence for murdering a rival politician.

Bank staff strike

Many Portuguese banks stayed shut as employees joined public service pay strikes. The Government said higher pay would bring price rises and redundancies.

Iranian flies home

A Düsseldorf court sentenced former Iranian Premier Sadeq Tabatabai to three year's jail for drug smuggling, hours after he flew back to Iran.

Hawke picks Cabinet

New Australian Premier Bob Hawke named his Cabinet. His predecessor as Labor Party leader, Bill Hayden, becomes Foreign Minister.

U.S. 'spy' claim

The Soviet Union declared U.S. diplomat Richard Osborne persona non grata, saying the KGB caught him using radio equipment for spying in Moscow.

Reagan aid call

President Reagan asked Congress for $298m in aid for Central America, including $110m in military funds for El Salvador, to stop "the advance of communism." Page 5

Greens warned

West Germany's Greens party will be banned from key parliamentary committees if it does not promise secrecy, Bundestag president Richard Stuecklen warned.

Release denied

China denied reports that it would free painter Li Shuang, fiancée of a French diplomat, from detention.

Briefly . . .

Suharto was re-elected Indonesian President for a fourth term.

Cairo house collapse killed nine.

Pope John Paul returned to Rome after a Central American tour.

Libyan hit-squads may be heading for Britain, to kill dissidents, Amnesty International warned.

BUSINESS

Shell in fourth quarter upsurge

● ROYAL DUTCH/SHELL Group, oil company, raised fourth-quarter net income by over 61 per cent, to £748m ($1,130m), boosting 1982 net profit to £1,993m, up £4m, well ahead of forecasts. Page 20 and Lex; Details, Page 24

● LONDON: FT Industrial Ordinary Index closed a record 678.2, up 5.3. Gilts improved on sterling's more stable trend. Page 31. FT Share Information Service, Pages 36, 37

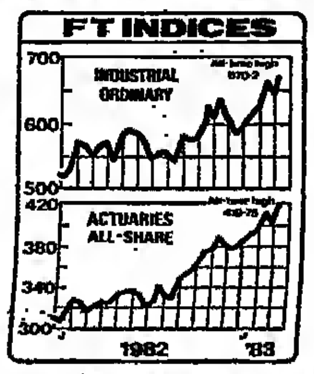
● WALL STREET: Dow Jones index closed 11.70 down at 1,120.94. Page 31. Full share listings, Pages 32–34

● TOKYO: Nikkei Dow index added 19.59 at 8,027.64. Stock Exchange index rose 1.69 to 591.23. Pages 31, 34

● FRANKFURT: Commerzbank index advanced 13.7 to 847.2. Pages 31, 34

● HONG KONG: Hang Seng index climbed 20.31 to 1,023.81. Pages 31, 34

● AUSTRALIA: all-share index was 511.4, down 5.3. Pages 31, 34



● DOLLAR weakened to DM 2.3915 (DM 2.407), SwFr 2.05 (SwFr 2.061) and Y237 (Y237.5) but rose to FFr 6.94 (FFr 6.8775). Its Bank of England index was 120.8 (121). Page 38

● STERLING improved 1.05c to $1.512 and was up at DM 3.6175 (DM 3.615), SwFr 3.1025 (SwFr 3.095), FFr 10.49 (FFr 10.32) and Y358.5 (Y357). Its trade weighting was 79.8 (79.5). Page 38

● GOLD rose $10 to $435 in London. In Frankfurt it was $8.25 up at $435 and in Zurich $9 up at $435.5. Page 35

● HOECHST, West German chemical company, saw pre-tax profit fall for the third year, and plans to cut its dividend. Page 21

● K MART and DAYTON HUDSON, U.S. retailers, both lifted profits last year after sharply higher fourth-quarter earnings. Page 21

● EAST ASIATIC Company of Denmark reported a group net loss of Dkr 255m ($29.45m) for 1982, against DKr 281m, and again passed the dividend. Page 21

● WORLD TRADE volume fell 2 per cent last year, to the 1979 level. Volume in the agriculture sector rose 1 per cent. Page 6

● DUTCH government was urged to seek ways of cutting public spending by Fl 7.5bn ($2.8bn) by the end of 1984. Page 20

● BRITAIN has attracted by far the biggest share of direct overseas investment in the European Community, a report said. Page 7

● OPEC'S share of the world oil market dropped by a fifth to below 35 per cent in the last three months.

● AUSTRALIA had a record A$1.06bn (U.S.$1bn) balance of payments deficit last month after five consecutive monthly surpluses.

● LASMO, independent UK oil company, launched a one-for-three rights issue worth over £45m ($68m). Page 25; Lex, Page 20

● MIDLAND BANK of the UK reported an 8 per cent rise in pre-tax profit for 1982, to £251.4m ($380m), much better than expected. Page 24; Lex, Page 20

Opec formula for prices will fall apart, claims BP

BY RAY DAFTER AND RICHARD JOHNS IN LONDON

British Petroleum, one of the world's leading oil traders, warned last night that the oil pricing formula expected to be agreed by the Organisation of Petroleum Exporting Countries was likely to fall apart.

The company said there was a "dangerous state of false optimism" that price levels based on $29 a barrel for Saudi Arabian light crude and $30 for Nigerian Bonny light oil would be accepted as viable and stable within the oil market. "It simply cannot be," BP said last night.

The warning served to emphasise that the state-owned British National Oil Corporation (BNOC), the main trader of UK oil, would find it difficult to obtain full agreement for a pricing structure which aligns North Sea prices with those proposed by Opec. This, in turn, could jeopardise any Opec agreement.

Ministers from the 13-member organisation, meeting in London, were last night still trying to conclude a package deal covering prices and production.

Sr Humberto Calderón Berti, the Venezuelan Minister of Mines and Hydrocarbons, said that a "general understanding" had been reached on a new pricing system involving a basic cut of $5 a barrel from the present official level of $34 a barrel for Saudi light crude.

It is understood that the ministers plan to set the price of Nigerian Bonny light crude at $30 and the price of similar grade Libyan and Algerian oil at $30.50.

Oil prices $ per barrel

	Existing	Suggested
Saudi Arabian	34.00	29.00*
Nigerian Bonny Light	30.00†	30.00*
North Sea Forties	33.50	35.50‡

* Figures under discussion by Opec ministers
† Cut from $35.50 effective Feb 1
‡ Proposed price, backdated to Feb 1, not yet fully accepted by BNOC customers.

But BP said that the pricing formula did not reflect the correct differentials between the grades of crudes.

Nigeria's oil should be between $2.25 and $2.50 a barrel more expensive than Saudi Arabia's oil, given the value of products that could be refined from the crudes.

On the same basis North Sea oil should cost about $1.50 a barrel more than Saudi oil and 75 cents – $1 a barrel less than Nigerian crude.

BP's statement, which is likely to throw a spanner into Opec's already tortuous negotiations, is made when both the UK Government and BNOC are anxious not to be seen "rocking the boat."

But BP, like several other North Sea companies, is concerned that it may lose customers to producers aligning themselves with the Nigerian price.

Nigeria has taken an aggressive pricing stance in its bid to recapture trade, saying that it would be willing to undercut any new North Sea price. Nigerian officials argue that in current market conditions the value of its Boony Light oil is almost comparable with North Sea crude.

BNOC said, however, that about half of its customers, had accepted its pricing recommendation, backdated to February 1. It is thought that these companies include Esso, Shell's exploration partner in the North Sea.

Within Opec, ministers appear to have been confronted with a new obstacle to a production sharing pact. Saudi Arabia is thought to be insisting on an output quota of no less than 5m barrels a day as part of a total Opec package involving an average production of 17.5m b/d.

Volcker future worries Wall St

By Anatole Kaletsky in Washington

CONCERN is growing in Wall Street that Mr Paul Volcker may not be reappointed as chairman of the U.S. Federal Reserve Board when his current term expires in August.

The final decision on Mr Volcker's reappointment, which is in the hands of President Ronald Reagan, will be taken at the highest political level on the advice of Mr James Baker, the White House chief of staff and Mr Edwin Meese, the presidential counsellor.

But the Fed chairmanship could also be a factor in an intensifying feud among the president's economic advisers, between the "pragmatists", led by Mr Martin Feldstein, the chairman of the council of economic advisers, and the "hard-line monetarists," who include Mr Beryl Sprinkel, the treasury under-secretary for monetary affairs and Mr Lawrence Kudlow, the chief economist at the office of management and budget.

The monetarists, who have been extremely critical of Mr Volcker's handling of monetary policy in the past two years, have been silenced in recent months because of the president's overriding desire for a reduction in interest rates and an economic recovery. Their warnings that rapid growth in the money supply in the second half of last year would produce a sharp, but ultimately inflationary, recovery were overruled by Mr Feldstein, a strong supporter of the Fed's approach, who persuaded the President that only a weak recovery was in sight.

The Fed's critics now see the opportunity to regain their influence as the signs multiply that the economy is recovering more rapidly than Mr Feldstein predicted. In Wall Street the minority of economists who rely on strictly monetarist forecasts are also becoming more vocal in their criticisms of the Fed and concern about future inflation is intensifying, despite the good news about falling oil prices.

Mr Volcker has been responding to this pressure in the past few days with promises that the Fed will continue to pay close attention to the growth of the money supply. At the same time he has been drawing attention to the favourable outlook in inflation and wage settlements. He

Continued on Page 20

Moody's cuts ratings on all AT&T debt

BY PAUL TAYLOR IN NEW YORK

MOODY'S Investors Service, the U.S. credit rating agency, yesterday surprised Wall Street and angered American Telephone and Telegraph (AT & T), by downgrading the credit ratings on all the U.S. telecommunication giant's $47bn debt issues.

The decision which reflects the agency's evaluation of the impact of the planned divestiture of the Bell System companies, plunged the U.S. corporate bond markets into confusion. Bell System debt issues are widely held and represent up to 10 per cent of the total U.S. corporate bond market, according to Moody's.

In early trading, bond prices of AT & T and its subsidiaries were down by between one and two points as investors reacted to the rating change, the rest of the corporate bond market was down a quarter to half a point.

Moody's said it was assigning new ratings to all debt issues of AT & T and all its 24 Bell System operating units and affiliates. The rating changes mean that AT & T's rating has been lowered from triple A1 to double A1 and lower ratings have been assigned for many of the company's soon-to-be divested operating units. All commercial paper ratings remain unchanged.

Mr Thomas McGuire, Moody's executive vice-president and director of the agency's corporate department, explaining the decision, said: "From the perspective of credit quality, the break-up of the Bell System must be viewed negatively. The sum of the parts will not equal the whole. For different reasons, and in different degrees, the business risk in each of the parts will rise with divestiture."

Moody's added: "Essentially, you have the largest regulated monopoly being broken up around it. The break-up changes the relative quality of the components."

Mr McGuire said the rating decision was triggered by the prospect of a new debt issue to be sold by one of the operating companies. He said the agency wanted to present investors with a complete evaluation of the Bell System before they had to make a purchase decision on the new bonds.

AT & T said it could not comment on the possibility of a new debt issue because the company did not "pre-announce any debt issues."

However, the company responded angrily to the decision. Mr William Cashel, AT & T's vice-chairman and chief financial officer, said the downgradings "are harsh ratings which are not borne out by the facts."

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Market reports, Page 31

Renault looks to state for 12% of spending

BY KENNETH GOODING IN GENEVA AND PAUL BETTS IN PARIS

RENAULT said yesterday that the French Government would contribute from 10 to 12 per cent of its capital expenditure, which is expected to total FFr 28.5bn ($4.2bn) over the three years 1983-85.

Announcing the investment plans at the Geneva motor show, M Bernard Hanon, president, said that Renault was making a major effort to update its car and truck range and its vehicle plants.

Its capital expenditure is running at the very high level of about FFr 8bn ($1.2bn) a year. The group was unlikely to earn enough to cover this outlay, Mr Hanon said. This year Renault has received FFr 1.65bn from the French Government, split into a FFr 1bn capital injection and a FFr 650m loan.

The state-owned motor group also announced yesterday that from the end of this year, it would no longer export to the U.S. its R-5 model, which has been sold there since 1976 as "Le Car."

Renault, which owns 46.4 per cent of American Motors Corporation (AMC), the number four U.S. car maker, said in Paris that it was planning to concentrate its main U.S. efforts on the "Alliance," the U.S. model of the Renault 9 produced by AMC, and later this year on the launching of the U.S. model of the imminent Renault 11 to be introduced in the European market next month.

In Geneva, M Hanon said Renault's immediate priority was to consolidate and hold its 14 per cent share of the European car market in the face of intensifying competition. For example, General Motors, the world's largest motor vehicle group, recently brought a new Spanish small car plant into operation which will make 250,000 a year. GM hopes that this will help to lift its market share in Europe from 9.6 to 11 per cent by 1985.

If Renault holds its European position it can achieve its aim of lifting its world car market share from 6.5 per cent at the end of 1982 to 7 per cent by the end of 1985, and its vehicle output from just under 2m last year to 2.5m.

According to M Pierre Tiberghein, head of Renault's car division, the group will concentrate this year on doing better in Mexico as well as consolidating its position in Portugal where the group already has a 30 per cent car market share.

Renault's car business is expected to be profitable in 1983 after two loss-making years. But M Hanon indicated that the truck operations would probably not become profitable before the end of 1985.

Renault recently agreed to acquire the 50 per cent it does not already own of Karrier Motors, the former Dodge truck company in the UK, from its French rival, Peugeot. M Hanon said his company was also studying the possibility of buying out the 50 per cent Peugeot stake in Dodge trucks, Spain.

The decision by the French car company to halt the export of its R-5 to the U.S. marks a landmark of sorts in that the R-5 or "Le Car," was the car Renault chose to launch its name and presence on the American market. While the sales perfor-

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Pym faces French hurdles over rebate

BY JOHN WYLES IN BRUSSELS

MR Francis Pym, the UK Foreign Secretary, will have to fight again at the European Community foreign ministers' meeting in Brussels on Monday to ensure that Britain receives its £490m ($735m) EEC budget rebate by the end of the month.

French officials have succeeded in erecting a series of complicated technical hurdles which have prevented adoption of the legal regulations releasing the rebate to the UK and also an £88m reimbursement to West Germany.

The British were promised last May that they would receive most of the 1982 rebate during the financial year ending on March 31. After numerous setbacks, payment seemed to be assured when it was authorised by the European Parliament last month.

Now, however, the foreign ministers will have to grapple with the problem again. If they fail to find a solution, payment under the agreed timetable would be unlikely and London would again be at loggerheads with Paris on the budget issue.

British officials remain optimistic, believing that the French filibuster owes more to the zeal of its diplomats than to a deliberate political attempt to torpedo the agreement.

Other delegations, however, are less sure, and fear that Paris may be trying to ferment a fresh budget row as a prelude to the difficult negotiations which will get under way in May on measures to increase the financing of the Community.

French tactics this month have made it impossible for the UK to persuade other member-states to

Continued on Page 20

STC aviation deal aims at US

BY RAYMOND SNODDY AND GUY DE JONQUIERES IN LONDON

STANDARD Telephones and Cables (STC) is to buy International Aeradio (IAL), British Airways' high-technology subsidiary, for almost £20m ($30m).

STC, 35 per cent of which is owned by International Telephone and Telegraph (ITT) of the U.S., wants to get into the U.S. market. Last October ITT reduced its stake from 85 per cent by selling shares.

STC is expected to finance the deal, which is an agreed bid, partly from the proceeds of a planned shares sale. A formal announcement is due today. At the end of last year its net cash balances exceeded £30m.

STC, one of Britain's leading telecommunications equipment manufacturers, has been seeking for months to make a sizeable acquisition to expand its interests in advanced technology.

IAL, which has been consistently profitable since it was founded in 1947, specialises in computer and aviation services, particularly in the communications field. It also manages airports in the Third World and, through a subsidiary, manages hospitals in the Middle East.

Last July it announced a record annual profit of £9.3m ($13.95m), up from £6.3m the previous year, on turnover of £91.8m (£53.8m).

The deal is BA's first major asset sale and the proceeds will be used to reduce its debt in preparation for planned privatisation. It results from a semi-secret tendering process organised by S. G. Warburg, the merchant bank, on instructions from Trade Secretary Lord Cockfield.

The Government is understood to have wanted to avoid floating the company on the Stock Exchange after criticism over the way in which last year's sale of shares in Amersham International was handled.

STC said yesterday it planned to step up overseas sales of telecommunications terminals and subscriber equipment, and was looking closely at the U.S.

Firm decisions on strategy will not be taken until the end of this year but STC plans to appoint a permanent U.S. representative soon and increase marketing expenditure to about 8 per cent of sales from 2 per cent previously.

Initially, STC hopes to sell in the U.S. through distributors and telephone operating companies but does not rule out manufacturing there eventually. The company recently received a U.S. order for 200,000 paging devices.

CONTENTS

EUROPEAN NEWS

David Housego joins Jacques Chirac on the campaign trail in Eastern France

'Conqueror of Paris' scents smell of victory

IN BELFORT in Eastern France, they welcomed him as "former and new mayor of Paris": in nearby Besancon as "conqueror of Paris." For a politician like M Jacques Chirac, with a lust for the campaign trial like a bull fighter, there is nothing sweeter than the moment of triumph. In sports jacket and with sleek smile he raised his arms and the crowds thundered back: "Chi-rac, Chi-rac."

M Chirac has the smell of victory in his nostrils. In last Sunday's first round of the municipal elections, his neo-Gaullist RPR plucked the flower of the 16 municipalities that fell to the opposition. In Paris be scored a personal triumph in carrying 18 of the capital's 20 districts.

He is quietly confident that Sunday's second round will amplify the opposition's success—thus delivering another humiliating blow to the Government and furthering his own claims to the Presidency. In the second round M Valery Giscard d'Estaing, the former President, and M Raymond Barre his ex-Prime Minister, have virtually abdicated the campaigning to him.

M Chirac had chosen to open the second round campaign at Belfort, the seemingly undisputed fief until last Sunday of M Jean-Pierre Chevenement, the Minister of Industry. M Chirac was last there for the second round of the Presidential election in May 1981, when about 1,000 people came to bear him.

On Wednesday night, 3,000 packed the hall to overflowing—mostly tradesmen, salaried employees, people of modest means who hated the arrogance of President Giscard, but who seem to dislike Socialism even more.

They have a particular aversion to Socialists like M Chevenement—born in the town but considered an outsider—as a "theoretician," an "extremist of the party," an "intellectual who shops in Paris boutiques." He was roasted in Sunday's vote, polling only 40 per cent, compared with the 59 per cent he scored in the legislative elections in June 1981. His fate now depends on the ecologists who gathered 8 per cent of the vote in the first round and on those who abstained.

The local opposition candidates attack M Chevenement personally but M Chirac feels no need to do that. He has a well-rehearsed campaign speech in which he spits out his denunciation of the "Socialist-Communist" regime and takes his audience through the failures of economic management, the growing burden of debt, the risk to national independence and the infiltration of Communists into the Administration.

The new element since Sunday is that the Right now has a majority in the country—not just a bare majority, M Chirac tells his audience, which could be dismissed as heing of no real importance, but a substantial majority of seven percentage points in the larger cities. Last Sunday's vote, he repeats amid cheers, must thus he taken by the Government "as a solemn warning."

It is a phrase thick with meaning in a country like France with a history of street violence. M Chirac is quick to add that he is not challenging the institutions of the Fifth Republic. But at the very least he means that the Government must take note of the opposition's hostility to changes in the status of religious "free" schools.

The vote this Sunday could change the political horizon in France and it is clear that M Chirac is studying his options. He believes that President Francois Mitterrand is trapped in a corner from which escape is difficult. In economic terms, France needs to go through a sharp period of disinflation to plug its external and budget deficits which would involve a decline in living standards.

But M Mitterrand cannot go too far down that road without alienating the Communists and the radical Left. Thus the economy will get slowly worse, producing political frustrations. M Chirac has not forgotten the demonstrations of 1968.

M Chirac would welcome the legislative elections of 1986 being brought forward but be is not going to demand that publicly. Nonetheless he thinks that M Mitterrand—who bas ruled out early legislative elections—could be forced to call them. If the opposition won them, it would mean that the Presidency and the National Assembly would be at odds—a situation which has so far not occurred under the Fifth Republic.

M Chirac knows that he will be treading a razor's edge. He has impatient followers who would like to go much faster. The election has shown the growing power of fringe groups on the right—both "Poujadist" type movements and racist groups that have sprung up in the large cities.

M Chirac has a record of restraint, both over race and also over discouraging his followers from violence. But he also recollects how quickly General de Gaulle restored confidence after 1968 and put the economy to rights.

At Belfort and Besancon, M Chirac took up the theme that Paris — which last Sunday cast 27 per cent of its votes for the Left and 63 per cent for the opposition — had been a political trail blazer for the rest of France. M Chirac obviously hopes that it will set the trend again.

His control of the capital with its 2.3m people, budget of FFr 14bn (£1.3bn) and international status through the city, has given him an enormous edge over his two rivals in the opposition, M Barre and M Giscard. They have neither such a power base nor a party as well organised as the RPR behind them.

In character he could not be less like them. He is warm, approachable, an extrovert who lives through the electricity of crowds and politics. He is not a reflective man, nor a generator of ideas — it is often said against him that he picks up his opinions from the last person he met. He has gargantuan stamina, brittle nerves and a hefty appetite.

M Chirac does not believe that the personal quarrel between the opposition leaders is important. That is almost certainly wishful thinking. The three could not even agree to preside together over a joint meeting in Lyon this week. M Barre seems to think that M Chirac, his predecessor as Prime Minister, is a lightweight and an adventurer. M Giscard can never forgive M Chirac for running against him as Presidential candidate in 1981—and probably can a great many of the Right who thought it an act of treason that let in the Socialists.

The fact that the opposition cannot agree on leadership or on a common programme is probably the Government's greatest asset in the inevitably difficult period that lies ahead.

FRANCE'S capital goods manufacturers, whose performance guages fairly accurately the health of the economy, registered an exceptionally steep 7.7 per cent fall in production last year following a drop of 4.8 per cent in 1981, writes David Marsh in Paris.

Total production of the capital goods sector, which employs about 31,000 people, was worth FFr 11.8bn (£1.14bn) last year, against FFr 11.6bn in 1981. Exports were FFr 7.8bn (£755m) against imports of FFr 4.1bn (£397m), producing a trade account surplus of FFr 3.7bn (£358m).

Sweden's blue-collar unions to call strikes today

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S Landsorganisation (LO), representing 22 blue-collar unions, said it would call strikes in nine key industrial areas today in the latest development in this year's troubled round of central wage negotiations.

The move comes after a Government commission said it had been unable to bring together the two sides in the dispute. SAF, the employers' federation, had rejected the commission's last wage proposal because it included guarantees sought by the LO on compensation for "wage drift," the extra increases that other unions might be able to achieve at local level.

The strike is expected directly to involve some 12,000 employees, including those in the export-intensive forest industry. Wholesale deliveries and retail foodstuff stocks may also be affected.

The action will also have an indirect impact in other key areas such as automobile production, where the higher-paid metalworkers' union has already reached an agreement — which does not include wage drift compensation—with its counterpart employers' federation.

Chemical and transport workers taking part in today's strike have vowed to suspend industrial gas and other deliveries to those industries.

At issue is the payment of wage drift compensation to relatively lower-paid blue-collar workers if the national pay average exceeds the figures agreed in central talks.

SAF is trying to eliminate the payment this year because of its inflationary impact.

Earlier this week, about 500,00 public service employees began a ban on overtime which has slowed domestic air and rail transport and affected local public transport and other services in larger cities.

The public service employees had been unable to agree a wage package which would give them increases along the same lines as the private sector.

The Government has publicly taken a "wait and see" attitude on the disputes and is said to be hoping the current strike can be limited to several days.

● Sweden's central bank yesterday lowered its penalty rate for banks borrowing from it to 11 per cent from 12 per cent and brought down the threshold for such borrowing from 75 to 25 per cent of bank capital.

The Riksbank lowered the cash reserve requirement from 2 to 1 per cent, effective Monday, and is expected to release between SKr 3.5bn ($311m) and SKr 4bn.

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EUROPEAN NEWS

Yugoslavia raises loan terms objections

By Peter Montagnon, Euromarkets Correspondent

YUGOSLAVIA has raised several initial objections to the terms of a $2bn loan package proposed on Wednesday by a group of leading creditor banks as part of international efforts to help it through its current balance of payments problems.

The objections were raised at a meeting in London yesterday between the banks and a top Yugoslav delegation led by Mr Gavra Popovic, chairman of the country's debt co-ordinating committee.

At the meeting Mr Popovic gave the banks a preliminary reaction to the proposals which call for the $2bn to be raised over five years in the name of the Yugoslav National Bank and Federal Republic.

In addition, Yugoslavia would have to guarantee the extension for two years of short-term bank lines totalling a further $2bn which were outstanding to its commercial banking system on January 17.

Yugoslavia claims that it would be unconstitutional for it to agree to a borrowing structured in this way. A particular problem is the requested involvement of the federal Government which is not able to borrow internationally. For it to do so would require time-consuming new legislation that might be politically difficult given Yugoslavia's structure as a decentralised federal republic.

The Yugoslav delegation now plans to return to Belgrade and give a more considered answer to the banks shortly, but there was little sign yesterday that creditor banks are prepared to drop their requirement for a central government involvement in the borrowing.

Foreign borrowing traditionally has been the domain of commercial banks in individual republics whose independence is being challenged by the Western banks' proposals.

Yugoslavia is also believed to have told the banks that the margins proposed for the medium-term borrowing—1⅞ per cent over London Eurocurrency rates or 1⅝ per cent over U.S. prime are too high. The borrowing is intended to refinance some $1.3bn-$1.4bn of maturing loans, as well as provide $600m in new money.

The banks' proposals form part of the multi-billion dollar debt rescue scheme that also includes a drawing of some $600m from the International Monetary Fund, $1.3bn from Western governments, $500m from the Bank for International Settlements and $250m from the World Bank.

David White in Madrid reviews the Spanish Premier's achievements during his first 100 days

Gonzalez makes a bold debut

Sr Felipe Gonzalez . . popular appeal still unsullied.

THE ELECTION results in France and West Germany have provided a sobering interlude for Sr Felipe Gonzalez between celebrations for his 41st birthday a few days ago and completion today of his first 100 days as Prime Minister.

The heavily defeated West German Social Democrat Party is the one which has always provided the strongest external support for Spain's moderate Socialist leadership. And it is among France's Socialists, badly wounded in the battle for the town halls, that the Spanish party, while rejecting the costly and sweeping changes north of the Pyrenees, drew its inspiration for the election campaign that brought it to power.

In Spain, where unemployment is sticking at more than 2m and where overwhelming economic problems continue to build up, is the same disaffection about to set in?

The only fair answer would seem to be: not yet. Sr Gonzalez's young team faces its first test in eight weeks' time in municipal and regional elections. The Socialists stand to shed some of the votes they "borrowed" last October from the Communists and from the centre, but nobody appears to expect a serious setback.

With few tried professionals in the enormous number of posts that have had to be filled, Spain's new leaders have been anxious to show themselves as an administration getting down to business. The symbol of this was ordering civil servants, notoriously lax in their habits, to trudge into work at 8 am — a move that has done nothing to improve the Government's popularity among its own employees.

There has been no hesitation about taking tough decisions — from its inaugural devaluation of the peseta and a drastic (if, in retrospect, premature) increase in petrol prices, to its swift and lethal swoop on the controversial Rumasa group.

Expropriation

The expropriation of the giant Rumasa group was the boldest single act of the new Government, and has had the most repercussions. It may also have been one of the least well thought-out and prepared—at least on the part of the official who got the name of one of the nationalised banks wrong in the decree.

But business, unable yet to digest the event, has reacted with a mixture of amazement and relief. The Rumasa affair was expected to erupt anyway. It was just a matter of how and when.

Backed by an ample majority in Parliament, the Government has embarked early on important and delicate reforms. One, which has provoked more organised protest than any other, is a limited plan to legalise abortion on certain specific grounds.

Another, crucial in the long-term to Spain's institutional stability, is reform of the army. The aim is to trim it, thin its senior ranks, redeploy and re-equip it, and make it more professional and less politically-oriented.

Ministers who have earned the most plaudits are Sr Narcis Serra, the bearded former Mayor of Barcelona, who cuts an unlikely enough figure in the Defence job, and Sr Jose Barrionuevo at Interior, for skilful handling of their sensitive areas and building up trust in the armed forces and police.

This has been achieved against the tense background of continuing Basque violence. The hardline Eta Militar sent a shot across the Socialists' bows while they were still waiting to take power by assassinating the commander of the Madrid region's Brunete armoured division.

After a lull in January, it has resumed attacks on military and civilian targets, torpedoing planned "peace talks" between the region's main political forces. The socialists were suspicious of the talks as a political manoeuvre, anyway.

Public demonstrations have yet to bring a consistent anti-Government campaign. In the Basque country, people have turned out against Eta, but 30,000 marched to support it. Women's groups and unions have protested for a less timid abortion law, without touching the more than 100,000 middle-class Roman Catholics who came to Madrid last weekend to press the opposite cause.

On the same demonstration scoreboard, the extreme Right has shown no sign of life. But left-wing unions have begun to stir in some areas, particularly at the threatened steelworks of the Valencia region.

Restructuring

It is in the huge job of industrial restructuring, vital in a country that is growing impatient at being kept waiting at the European Community's door, that the crunch lies for the Gonzalez Government.

A series of problems in chemicals, aluminium and numerous other sectors still await solutions. Hard economic sums are made worse by the risk of a growing budget deficit. Business has gone along with the Socialist honeymoon, but lacks any confidence.

The set of economic targets tailored by the new government—3 per cent growth, while containing the proportional size of the budget deficit and knocking a couple of points off inflation—is already straining at the seams.

Initial wage settlements within this year's union-employer pact—12 per cent in the civil service, 11 in the railways—are considered high for a 12 per cent inflation target which is already well above the European average.

The economic rigour being prescribed is bound to create strains. But, for all their factions, the Spanish Socialists and their allies in the UGT union are a disciplined lot. They know that one good reason why they received such massive support was that they were more solid than any other political force.

A key ingredient in this cohesion is the appeal and charisma of Sr Gonzalez himself. A hundred days on, his image is still untouched.

Rizzoli brother out on bail

By Our Rome Staff

SIG ALBERTO RIZZOLI, a former managing director of the troubled Rizzoli publishing group, has been released on bail from the prison in Voghera, northern Italy, where he has been held for some three weeks following his arrest on a charge of fraudulent bankruptcy.

He was granted provisional liberty, the equivalent of unconditional bail, after Milan magistrates decided his detention was no longer necessary for their inquiries into the group, which owns the leading Corriere della Sera newspaper.

His elder brother, Sig Angelo Rizzoli, the former chairman, and Sig Bruno Tassan Din, the former managing director of the group, are still being held in connection with the disappearance of L29.6bn (£14m) from the group's accounts.

Rizzoli this week appointed Sig Carlo Sconamiglio, a lecturer in industrial economics, to replace Sig Angelo Rizzoli as company chairman. His appointment has been expected since earlier this month when shareholders elected a new court-approved board for the company.

The charges relate to the late 1970s. Sig Angelo Rizzoli has told magistrates he is technically in debt for some L11bn of the total L29.6bn.

Lisbon digs in its heels over strike

By Diana Smith in Lisbon

THE PORTUGUESE Government is maintaining a firm stance in the face of industrial action by public transport workers in support of a pay claim.

For seven weeks Communist and Socialist-led transport unions have stopped work on several days a week, leaving Portugal without urban transport or railway services.

The Confederation of Portuguese Industry, the outspoken business lobby, has accused CGTP, the Communist union confederation, of holding a "political transport strike," and labelled MPs and government as "inept and senseless," for permitting a strike that disrupts the economy and harms the daily life of the general public.

Unions representing workers in the Companhia Carris de Ferro, the Lisbon bus and tram corporation, are demanding a 28 per cent pay increase and the management is offering 14 per cent. The outgoing Government has set a 17 per cent ceiling for 1983 wage increases.

UK sees chance of chemical arms ban

BY STEPHANIE GRAY

BRITAIN BELIEVES a convention to outlaw chemical weapons is within grasp, despite "disappointingly slow" progress at the United Nations' disarmament talks in Geneva.

Signs of flexibility in the past few weeks by the U.S. and the Soviet Union has persuaded Britain that there is an opportunity for serious and detailed negotiations on verification, Mr Douglas Hurd, Minister of State at the Foreign Office, said in Geneva yesterday.

Launching the latest British initiative on a chemical weapons' ban, he proposed an inspectorate similar to the International Atomic Energy Agency that would supervise the destruction of all existing stocks of nerve agents and other gases and the dismantling of factories producing them.

Britain is prepared to review its policy of excluding its Polaris nuclear weapons from arms control negotiations if the strategic arms reduction talks at Geneva make significant progress, Mr Douglas Hurd, said yesterday. Priority in the so-called Start talks was to reduce the arsenals of the two superpowers, he said. The Polaris system was not on the agenda.

Soviet stockpiles are believed to total 300,000 tonnes, a hundred times more than old and unstable stocks held by the U.S.

Mr Hurd's plan is based on a three-stage programme that would be implemented over 10 years. The first stage would be the declaration of stocks by all parties and their inspection. The second covers an agreed period, during which the stocks would be destroyed under international supervision, and the third would involve the destruction of factories and laboratories used to make the weapons.

The main impetus for Mr Hurd's initiative has come recently from the Soviet side, which has agreed in principle for the first time to verification measures on which the talks have often broken down. Procedural wrangles in the committee's present session have so far prevented any explanation in detail of how far Moscow is prepared to go towards on-site inspection.

The reasons behind the flexibility appear to be pressure from Third World representatives among the 40-nation committee, rather than the threat of resumed production of chemical weapons in the U.S., after a gap of 13 years.

President Ronald Reagan's plan to spend $200m in fiscal 1983 on chemical weapons production was soundly defeated in the House of Representatives last year and have been resubmitted. Elements of the chemical weapons' budget have been rejected again this year.

Until last year, negotiations on chemical weapons were a bilateral affair between the U.S. and the Soviet Union.

Mr Hurd said a verification should combine routine international on-site inspections with the possibility of procedures to investigate any doubt which may arise about a country's intentions. He said agreement must be reached on a procedure for handling complaints, without which confidence in a ban would be weak.

Despite any apparent movement, a fully verifiable chemical weapons convention will be extremely difficult to achieve. The Soviet Union is reluctant to open its factories to inspection when challenged, and toxic gases with a commercial use can be diverted easily to the military.

"While concentrating attention on the nerve agents," said Mr Hurd, "we should recognise that there are many other less toxic, but nevertheless lethal, substances which have been, or could be, used as chemical weapons but which also have extensive civil applications."

A less stringent regime of verification would be acceptable for such substances than for nerve agents. Mr Hurd emphasised that a convention would not want to police civil chemical industries in detail.

Setback for improved Pakistani, Indian links

By K. K. Sharma in New Delhi

HOPES of rapid normalisation of relations between India and Pakistan suffered a further setback this week despite the fact that both countries signed an agreement ostensibly aimed at improving them.

Expected talks between Mrs Indira Gandhi, the Indian Premier, and President Zia ul-Haq of Pakistan on key bilateral issues did not materialise.

President Zia had been looking forward to discussions on substantive matters centring on his proposal for a "no-war" pact between the two countries.

Instead, the two leaders met for 15 minutes to exchange pleasantries.

The official reason for the absence of serious discussions is Mrs Gandhi's preoccupation as chairman of the non-aligned summit currently being held in Delhi.

More probable, however, was Indian irritation at President Zia's speech to the summit's plenary session in which he raised the highly sensitive issue of the disputed border state of Kashmir.

Mrs Gandhi did, however, say yesterday that India and *Pakistan had "opened another* door" by forming a ministerial-level joint commission on economic and cultural co-operation.

Hawke spurns Left in new Cabinet posts

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, Australia's new Labor Party Prime Minister, will preside over a moderate, business-oriented, 27-man federal Ministry from which virtually all Left-wing elements have been purged. The only leading Left-winger in the 13-member inner Cabinet is Mr Stewart West, of New South Wales, who has been given the minor portfolio of Immigration and Ethnic Affairs.

Three other members of the hard Left won ministerial tickets in yesterday's caucus elections—but have been shunted into the most junior portfolios.

New South Wales and Victoria have nine Ministers each in the new Government, Queensland only one—Mr Bill Hayden, the former Labor Party leader, *who has foreign affairs. A total* of six Cabinet portfolios will deal with economic and financial affairs.

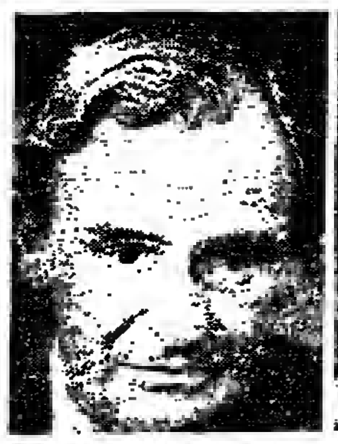
Mr Hawke and his Ministers will be sworn in this morning by Sir Ninian Stephen, the Governor-General.

Key members in the Hawke Cabinet include:

Lionel Bowen, 60, Deputy Prime Minister and Minister for Trade. A former solicitor who entered federal parliament in 1969, he was special Minister of State in the Whitlam Government, and opposition spokesman *on foreign affairs and trade. He* challenged Mr Whitlam for the ALP leadership in 1975, and was a rival to Mr Bill Hayden in 1977.

Australia suffered a record balance of payments deficit last month of A$1.06bn (£604m), following five consecutive monthly surpluses, writes our Sydney Correspondent. At the same time, unemployment rose to 746,300, or 10.7 per cent of the workforce, compared with 10.1 per cent in January.

Before last Saturday's general election capital outflows in February totalled *A$605m. However, this week's* 10 per cent devaluation af the Australian dollar at once reversed the outflow. Because of large falls in shipments of coal and wool, exports last month fell by 15 cent. to A$1.54bn.



Bill Hayden: Foreign Affairs

Paul Keating: Treasury

Lionel Bowen: Deputy PM.

Tough, unflappable and respected, Mr Bowen played a key role in persuading Mr Hayden to surrender the Labor leadership early last month. He is staunchly protectionist and the Government has said it will not cut levels of trade protection while unemployment is high.

Paul Keating, 39, Treasurer. A former union advocate, he has been president of the New South Wales Labor Party since 1979 and was opposition spokesman on agriculture, minerals aod energy, taking over the Treasury portfolio seven weeks ago.

Mr Keating is said to be the only man in Australia more ambitious than Mr Hawke.

Senator John Button, 49, Minister for Industry and Commerce. A barrister who entered Parliament in 1974, he has held a broad range of opposition portfolios. He was an important powerbroker in the Hawke-Hayden leadership swap.

He is tough and well equipped for the industrial portfolio. Labor's campaign proposals included formation of an Australian *Industry Development Bank*, provision of extra incentives and assistance (particularly for the stricken steel industry), and promotion of Australian ownership and control.

Ralph Willis, 44, Minister for Employment and Industrial Relations. Entered Parliament in 1972 and was opposition spokesman on industrial relations, economic affairs, and Treasury. A former research officer and industrial advocate for the Australian Council of Trade Unions, he is an expert on taxation.

Bill Hayden, 50, Minister for Foreign Affairs. The former leader of the party, who was deposed by Mr Hawke last month. A Queensland policeman before entering Parliament in 1961, he became ALP leader when Mr Whitlam resigned.

John Dawkins, 36, Minister for Finance. Son of a prominent Western Australian farming family, he is now regarded as the firebrand of the Labor front bench. He entered Parliament in 1974.

John Kerin, 45, Minister for Primary Industry. A former axeman, bricksetter, and senior economic researcher at Bureau of Agricultural Economics in Canberra, he entered parliament in 1972, and has been opposition spokesman on primary industry since 1980. In the middle of Australia's worst-ever drought, he will have the difficult task of convincing farmers that the new government is as sympathetic to farming problems as the Liberal-National Party coalition.

Nkomo still seeking a haven

By J. D. F. Jones in Gaborone

MR JOSHUA NKOMO, the Zimbabwe opposition leader who escaped from Matabeleland on Tuesday, is in hiding in Botswana while he looks for a country that will offer him asylum.

The most likely haven is Britain. Although it is understood that the *Foreign Office* has received no "application" for a travel document from Mr Nkomo—whose Zimbabwe passport had been confiscated—observers believe it is possible that soundings are being taken.

A decision to give asylum to the veteran Zapu party leader would be delicate as it would be resented by the Zanu-PF government led by Mr Robert Mugabe. For this reason, more convenient African states such as Zambia are less likely to welcome Mr Nkomo.

The Botswana Government, which insists it had no prior knowledge of Mr Nkoma's decision to flee across the Matabeleland border with a couple of colleagues, would also be embarrassed if he were to stay long.

Mr Lebang Mpotokwane, administrative secretary to the President, said yesterday that Mr Nkomo's visit was likely to last "days rather than weeks," and added: "We are just waiting for him to tell us where he is going."

In Harare yesterday, the national newspaper The Herald—which is not the official mouthpiece of the government but is in close touch with ministerial sentiment—described Botswana's admission of Mr Nkomo as "an act of war."

Mr Mpotokwane yesterday repeated Botswana's argument that the decision to admit Mr Nkomo (temporarily) "does not mean that we are in any way hostile to the Zimbabwe government."

The refusal of the normally approachable Mr Nkomo to emerge from his "safe house" and meet the Press suggests that his silence has become a condition for his use of Botswana as an escape ronte from Zimbabwe.

The Botswana Government is keeping Mr Nkomo under wraps partly because of fears for *his* security and partly in order not to let him seem to use Botswana as a political base.

Tokyo poll becomes referendum on Nakasone

By Jurek Martin in Tokyo

NEXT MONTH'S gubernatorial election in Tokyo has suddenly been transformed into a relatively clear-cut referendum on the personality and policies of Mr Yasuhiro Nakasone, the Prime Minister.

This has come about because, after interminable bickering, the Socialist and Communist parties yesterday finally agreed to field a joint candidate, Mr Hideo Matsuoka, a prominent political journalist and one of Mr Nakasone's most trenchant critics.

He will be taking on Mr Junichi Suzuki, the incumbent governor, who has the support of the ruling Liberal Democratic Party (LDP) and the three centrist parties Komeito, the Democratic Socialists and the New Liberal Club.

Although the LDP has controlled the national government without interruption for over 30 years, the left-wing has scored some big victories in local elections, especially in the big cities.

Before Mr Suzuki won office four years ago, Tokyo had been *run for 12 years* by a Socialist-Communist coalition.

However, in preparing for next *month's municipal elections*, the Socialists and Communists have been experiencing great difficulty in finding mutually acceptable candidates. This obviously plays into the hands of the LDP.

The problem had been particularly acote in Tokyo, where several potential candidates had either ruled themselves out or been unacceptable to one or the other of the two opposition parties.

Mr Matsuoka, who is 70, brings to the race very little party baggage or known interest in urban government. But he has been a trenchant opponent of Mr Nakasone's perceived hawkishness in foreign policy and it can be assumed that this will be his principal platform.

Japanese city residents have tended to be less conservative than their rural counterparts, whose weight in national elections is out of proportion to their numbers.

However, the Socialists and Communists have left it very late to get organised for the Tokyo campaign, which officially gets under way next week. This may prove a major handicap to Mr Matsuoka.

Lebanon opposes U.S.

By David Tonge in New Delhi

LEBANON yesterday publicly opposed a U.S. effort to move to Washington the talks on withdrawal of Israeli troops from Lebanon.

Lebanese delegates to this week's non-aligned summit in New Delhi said that Mr Eli Salem, the Lebanese Foreign Minister, was being sent to Paris, London, Rome and Washington to explain why President Amin Gemayel's Government opposed the effort.

Suharto is re-elected

By Richard Cowper in Jakarta

INDONESIA'S consultative assembly yesterday re-elected President Suharto to a fourth five-year term in office as head of state of the world's most populous Moslem nation.

The 61-year-old retired army general, who came to power in 1966 has ruled Indonesia for 17 years, and now seems set to become one of the longest serving heads of state in the Third World.

Mexico hopes to ride out oil price drop

BY WILLIAM CHISLETT IN MEXICO CITY

THE OIL price drop could not have come at a worse time for Mexico, the world's fourth largest producer, which is already battling with an acute liquidity crisis, and a tough austerity programma with tha International Monetary Fund (IMF).

Senior financial officials believe that if an oil price collapse can be averted and Mexico can limit its own price cut to a maximum $4 a barrel, then the country will be able to meet most of its IMF targets and not have to seak additional funds from commercial banks.

Mexico is not a member of the Organisation of Petroleum Exporting Countries (Opec), although it has been closely involved in Opec price discussions.

If the price cut is higher, the Mexican Government will have to rethink its entire economic strategy, including renegotiating its $3.8bn (£2.6bn) IMF package and obtaining more financing over and above its $5bn commercial loan finalised this month.

Every $1 drop in the oil price loses Mexico $550m a year based on exporting 1.5m barrels a day — the country's present target.

A sharp price drop will make Mexico hard-pressed to pay the estimated $12bn of interest payments on its current total external debt of $83bn. The country's hard currency reserves are already at a precariously low level and there are fears that the peso could also come under greater pressure.

Mexico *earned* $15.6bn from oil exports last year, which represented 75 per cent of total merchandise exports of $20.8bn.

In November, shipments hit a monthly record of 1.83m b/d which underscored the attractiveness of Mexico as a politically stable source for buyers wishing to diversify away from volatile Opec supply.

Exports dipped to 1.2m b/d in February after 1.6m b/d in December and January as clients reduced their liftings.

Mexico has the capacity to increase its exports over the 1.5m b/d target to recoup some lost revenue. However, it is

understood that Pemex, the state oil concern, has informally committed itself to holding to this target.

Mexico does have a cushion in the form of lower than expected international interest rates. This year's budget is based on Mexico having to pay an effective interest rate of 14.5 per cent on its $60bn public sector debt.

The current effective cost for Mexico is about 11 per cent. The Government deliberately overestimated the rate in order to give itself a cushion to cope with the expected oil price fall.

This cushion allows Mexico to cope with a $4 a barrel price cut, and continue to meet its debt obligations without too much hardship.

Mexico also has the right to renegotiate the terms of its IMF agreement, *since the oil* price drop is an external factor beyond its control.

Under the present agreement, Mexico is expected to replenish its depleted foreign reserves by $2bn this year. Government officials say $500m may be a more feasible target, depending on the size of the price cut.

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Reagan seeks further aid for Central American projects

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday asked for a total of almost $300m for economic and security assistance to Central America, including $110m in direct military aid to the embattled U.S.-backed government of El Salvador, to defend the region against a "Marxist-Leninist takeover."

In a major speech on U.S. policy in central America, Mr Reagan warned that if the left-wing guerrillas succeeded in El Salvador, the country would join Cuba and Nicaragua as a base for spreading fresh violence to Guatemala, Honduras and even Costa Rica.

"The killing will increase, and so will the threat to Panama, the Canal and ultimately Mexico," he told the National Association of Manufacturers in Washington.

"Soviet military theorists want to destroy our capacity to resupply western Europe in case of an emergency. They want to tie down our intention and forces on our own southern border and so limit our capacity to act in more distant places such as Europe, the Persian Gulf, the Indian Ocean, the Sea of Japan," Mr Reagan said.

Admitting that the military situation in El Salvador was "not good," Mr Reagan stressed that the real solution to the country's problems could only be political. He supported the five-nation regional peace initiative now getting under way, and came closer than ever before to advocating contacts between the El Salvador Government and the insurgents.

"We support negotiations within nations, aimed expanding participation in democratic institutions," Mr Reagan said. "What we oppose are negotiations that would be used as a cynical device for dividing up power behind the people's back." He repeated that a tiny minority must not be allowed to "shoot its way into power."

Mr Reagan again insisted that he would not send U.S. combat troops on El Salvador, or "Americanise" the war with military advisers on the lines of Vietnam. The main purpose of the funds he sought, all of which require some degree of Congressional approval, would be to train Salvadorean forces outside El Salvador, "in the U.S. or elsewhere."

The number of U.S. military advisers in the country itself, currently limited to 55, was still under review and would depend on the resources available, he said.

Mr Reagan offered to remove all the U.S. advisers from El Salvador if all other foreign advisers were withdrawn and a regional agreement reached to "halt subversion, stop the flow of arms and respect borders." The other foreign advisers he named specifically were Soviet, Cuban, East German and Palestinian.

The funds he sought for El Salvador included $60m through reallocation of money already appropriated for worldwide military assistance and $50m from a 1983 supplementary budget that is already before Congress. In addition, he asked for $20m for "regional security assistance" and $168m for increased economic assistance for Central America as a whole.

That would be made up of $65m in new money and $103m reallocated from already appropriated funds.

Peripatetic Pope upsets whole political spectrum

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BACK in the Vatican after his exhausting tour of Central America and Haiti, Pope John Paul II and his advisers will be musing this weekend over the upset that his journey caused to governments and politicians at every point on the political spectrum. They will at the same time take comfort from the fact that the visit, which had been billed as pastoral, not political, succeeded in its real objective of strengthening the Catholic Church in the area at a very critical time.

As expected, the visit ran into few problems in the quieter parts of the region. In Costa Rica, Panama and Belize, where the people live in relative peace, there were few controversial moments. Even in Honduras, which is being pushed uncomfortably into the front line of the battle between Right and Left in the isthmus, the visit went off without great incident. In Nicaragua, El Salvador, Guatemala and Haiti, the political reverberations will be heard for a long time.

In revolutionary Nicaragua, the Left-wing Sandinista Government clearly committed a blunder in being over-eager to identify the Pope and the Church with their own political cause. The government manipulation of the crowds at the Pope's open-air mass in Managua, however much this manipulation may have been magnified by the Sandinistas' opponents in the foreign media, was unwise, as was the initial address of welcome in which Commandant Daniel Ortega, the co-ordinator of the Sandinista junta, was bitterly critical of Washington.

For his part the Pope left no ambiguity about his views about Church discipline and the Marxist-Leninist tinge to many of the Sandinistas' policies. He wagged his finger at Father Ernesto Cardenal, the priest, poet and Minister of Culture who with several other priests has ignored Vatican instructions that no priest should occupy political office.

Later, in the Nicaraguan city of León, he told teachers: "You do not need ideologies foreign to our Christianity in order to love and defend man" who "cannot be reduced to a mere tool of production nor to an agent of political or social power."

To say the least the Pope is clearly distrustful of Sandinism. At the same time, his constant references to patriotic feelings, moderation nationalism and the need for Central Americans to sort out their own problems without outside meddling, were probably not appreciated by the Sandinistas for what they were: a warning to Washington as well as Havana and Moscow not to exacerbate the Central American horrors.

Having upset the Sandinistas, he then went on to upset the Right-wing regimes. Calling for dialogue in El Salvador, he clearly did no favour to the regime of President Alvaro Magaña, which is facing an increasing threat from Left-wing guerrillas and which with President Ronald Reagan's support has set its face against any dialogue or negotiation with its opponents.

His message will immensely strengthen those who have been calling for a negotiated end to the war, not least the Catholic Church in the U.S. with whom the Reagan Administration has been carrying on a running feud on the Salvadorean question.

Nor will Washington have been pleased with John Paul's remarks in Guatemala or Haiti. General Efraín Ríos Montt, an increasingly close ally of the U.S. in the battle against the Central American Left, will have been dismayed at his blunt criticisms of the atrocities in Guatemala.

The Pope delivered these not just in Guatemala City, but also in Quetzaltenango, a provincial city dominated by the pre-Columbian indigenes who have suffered grievously at the hands of General Ríos Montt's extreme Right-wing regime.

As Washington seeks to strengthen its ties with Gen Ríos Montt, the Pope's words will provide much material with which the U.S. Catholic Church will counter Mr Reagan's policies.

John Paul's visit to Belize and the Vatican decision to start formal diplomatic relations with this former British colony will also have offended the Guatemalan military.

In Haiti, the last stop on his tour and the poorest country in America, the pontiff called for change in a country which for a quarter of a century has been in the grip of the Duvalier family.

Speaking in the presence of President for Life Jean-Claude ("Baby Doc") Duvalier, he said: "There is division, injustice, inequality, degradation of the quality of life, misery, hunger, fear."

For his part, President Duvalier announced he was waiving his rights to nominate bishops in Haiti under the concordat agreement reached between Rome and Port-au-Prince in 1860.

A more vigorous, reform-minded church in Haiti, strengthened by memories of the Papal visit, could bring political change to a country which Washington has in the past looked on with relief as a quiet, though not a very admirable, spot in the midst of an increasingly turbulent Caribbean.

As he sits in Rome today the Pope will hope that some of the religious fervour his visit evoked will linger on in an area, which though nominally Catholic, has never been known for the strength of its religious conviction or practice.

POPE John Paul on his visit to Haiti with President for Life 'Baby Doc' Duvalier and his wife Michelle.

U.S. proposes N-talks confidence building pact

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE UNITED States has proposed to the Soviet Union that the superpowers negotiate an agreement on so-called confidence building measures in the area of strategic nuclear weapons.

The new U.S. proposal is believed to have been submitted to the USSR at the Start talks to reduce strategic nuclear arms which are now being held in Geneva. These negotiations are running parallel to, but are separate from, the talks aimed at limiting intermediate range nuclear weapons in Europe. The latter INF talks cover weapons such as the U.S. Cruise and Pershing and the Soviet SS20 missiles.

The U.S. proposals include the requirement that each side would give the other advance notification of all test launches of intercontinental ballistic missiles, whether land, sea or air launched, and full advance information on all major military exercises.

It is also proposed that the two sides should exchange information on their nuclear forces—which the Soviet Union has so far refused to accept.

The U.S. would like a confidence building measures document to be signed separately from an eventual agreement on Start. Washington officials say an agreement could even precede a full Start undertaking.

President Ronald Reagan announced that he attached importance to such confidence-building agreements in a speech last November. In January, before leaving Washington to open the new round in the Start talks, Gen Edward Rowny, the U.S. delegation leader, said he would pursue the confidence-building question "with all vigour."

It is not clear whether the Soviet delegation to Start, led by Mr Victor Karpov, has yet reacted formally to the new U.S. proposal, or whether there have been other bilateral contacts on the issue.

There appears to have been little progress on the Start talks themselves since they re-opened five weeks ago.

Last June, when the talks began, the U.S. proposed that the current totals of warheads on strategic weapons should be reduced to 5,000 on either side, with no more than half to be deployed on land-based missiles. The U.S. currently has about 9,000 warheads and the USSR about 7,300.

The Soviet Union has counter-proposed reductions to 1,800 missile launchers, as distinct from warheads, which would amount to reductions of some 30 per cent on currently agreed totals.

Moscow has rejected the ceiling on land-based missiles out of hand, on the same basis that it is rejecting the zero option in the intermediate force talks: that it requires far greater concessions from the USSR than from the U.S.

Support for case-by-case approach to debt problems

BY ANATOLE KALETSKY IN WASHINGTON

THE REAGAN Administration, the Federal Reserve Board and the International Monetary Fund are all firmly convinced that global initiatives to restructure the debts of less developed countries would at present be neither feasible nor desirable.

Senior monetary officials in Washington are virtually unanimous in their conviction that no serious alternative exists to the present case-by-case approach to Third World debt problems.

Although officials are keeping abreast of suggestions for international financial reform circulating in academic and private banking circles, none of the schemes proposed so far appear to have generated serious interest. Since worldwide debt restructuring would inevitably pivot on the IMF, the Federal Reserve or the U.S. Treasury, the present official attitude in Washington effectively excludes implementation.

Some senior officials concede that if world economic circumstances deteriorated sharply, the case-by-case rescheduling of individual countries' debts could run into difficulties and undermine confidence in the international banking system.

However, they remain convinced that a transfer of private bank loans to central banks or to an official agency such as the IMF would do nothing to address the underlying problems.

Countries facing short-term liquidity crises but able to service their debts in the long-term can be dealt with through the present combination of IMF adjustment programmes, stepped-up private bank loans and Central Bank bridging facilities, according to the authorities in Washington.

If it turns out that some countries are truly insolvent and unable to meet their obligations even in the long term, then decisions have to be made on distributing losses on their bank loans between their own citizens, the shareholders of Western banks and the taxpayers of industrialised countries.

National strike in Peru

LIMA — Police fired tear gas and water cannon at strikers yesterday as tens of thousands of Peruvian workers walked out in a nationwide protest against the Government's economic policies.

Union officials in Lima called the 24-hour strike a success. The General Confederation of Peruvian Workers said more than 1m workers took part in the strike, which affected public transport and closed down banking, oil, fishing and the construction industries.

Agencies

WORLD TRADE NEWS

2% fall pushes global trade to 1979 levels

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE VOLUME of world trade fell by 2 per cent last year, pushing it back to the level of 1979. The only sector showing aoy strength was agriculture where the volume was 1 per cent higher than in 1981.

But conditions are favourable for recovery, although the full potential of that recovery will be realised only in an appropriate policy environment embracing both the rehabilitation of the price system and trade liberalisation.

The secretariat of the General Agreement on Tariffs and Trade (Gatt) in Geneva makes these points today in its first summary of world trade and major economic developments in 1982. The world trade body is headed by Mr Arthur Dunkel.

Arthur Dunkel: conditions favourable to recovery.

Underlying the Gatt assessment is fear that rigidities in national economies, caused by interference with the pricing mechanism of the free economy—subsidies, governmental involvement in production and trade, protection—may blight recovery and a return to international *financial* stability.

"If the incipient recovery fizzles out in a new wave of inflation we shall, at least, finally known that micro-economic distortions — rather than *anything that can be remedied* by macro-economic policy — have been the main obstacle to stable non-inflationary growth," the Gatt secretariat says.

Hopes for an upturn in the international economy are based on lower levels of inflation, decline in interest rates, low inventory levels and the improved relationship between real wages and real interest rates, Gatt notes.

These conditions have emerged against the background of a 1 per cent decline in the volume of trade in manufactured *goods* during *1982* and a 7 per cent decline in mineral products, reflecting lower petroleum exports.

The lower volume of trade, combined with a decline in dollar unit values, caused the value of world trade last year to slide 6 per cent from its 1981 level to $1.8bn.

For the second year running, the economic performance of most developing countries deteriorated, Gatt notes.

"Debt service made possible by reduced activity levels could not be maintained for long. Thus the first concern of creditor banks, their governments and the international organisations must be the improvement of the general economic performance of the indebted countries," the Gatt secretariat argues.

But *if* their performance *is* to improve then there have to be changes in the policy of the *creditor countries involving* both fiscal and trade policy reform directed towards greater liberalisation.

Trade policy reform would have three key benefits, according to the Gatt secretariat:

- It is needed to sustain what may be an incipient but fragile recovery.
- It would help restore the price system; most price rigidities persist because industries are sheltered by quantative restrictions. Lower trade barriers would help avoid the waste of capital in industries facing shrinkage in their market share and the appearance of inflationary bottlenecks.
- It would be a key component of the urgently needed joint programme to cope with the instabilities in the financial system. Reform by creditor countries is the necessary counterpoint to the search by indebted countries for more efficient economic policies, Gatt says.

Mexico-U.S. beer crisis coming to a head

By Nancy Dunne in Washington

AS IF Mexico did not already have enough problems, it is now having to defend its beer exports to the U.S. on the grounds that it is not a developed country.

Under the U.S. Generalised System of Preferences (GSP), designed to help developing countries find markets for their goods, Mexican beer has been allowed duty-free access to its wealthy northern neighbour. However, the U.S. Brewers Association, peeved that its own beer has been virtually banned in Mexico, has petitioned the Government to have its competitor's product dropped from the list of thousands of GSP products approved by the President each year.

Under the GSP rules, an item is dropped from the list for a year when it exceeds a specified market share. Mexican beer, with less than 2 per cent of the U.S. beer *market, is barely competitive* with U.S. brews.

The Reagan Administration, *using what it alleges to be its* discretionary authority to remove items from the list, *wants to "graduate" middle* income developing countries from the GSP programme. However, lawyers for Mexico's National Association of Beer Manufacturers argue that the *U.S. President does not have* the authority to "graduate" one article from one country.

The inter-agency GSP committee which makes recommendations to the President has reportedly decided in favour of excluding Mexican beer from this year's list.

To prevent the exclusion, last minute negotiations have been underway, and the Mexicans have offered to allow the admission of 500,000 cases of U.S. beer, equal to the market share they hold in the U.S. The usual 100 per *cent tariff on foreign beer* would be reduced to 75 per cent.

Thus far, the proposal has been rejected.

The crisis is expected to come to a head when the President announces his decision on March 19. Should Mexican beer be dropped from the GSP, its brewers will challenge the Reagan GSP graduation policy in court.

GM mounts Isuzu attack on Europe

BY KENNETH GOODING IN GENEVA

GENERAL MOTORS the world's largest eutomotive group, *is* to mount a marketing drive in Europe for light commercial vehicles made by its 34 per cent-owned Japanese associate Isuzu.

A jointly owned GM-Isuzu company, based in West Germany, will sell the commercials in Austria, Belgium, Holland, Finland, Sweden and Switzerland as well as Germany, mainly through dealers in GM's Opel car network. It will also have responsibility for the European sales of Bedford, the U.S. group's wholly owned UK-based subsidiary.

In Germany this year GM expects to sell 3,000 Isuzus and between 4,000 and 5,000 in 1984. All the vehicles will be less than 3.5 tonnes gross weight. The range will include the KB pick-up *trucks, already sold* in Britain under a Bedford badge, KB chassis cabs, the WFR vans, similar to the Bedford CF, and the four-wheel drive Trooper, a typical Japanese vehicle like the Nissan Patrol and not so rugged as the Land Rover.

Sales of Bedford vehicles in Germany have been restricted to those betweeo 7.5 and nine tinnes gross because no heavy truck network has ever been set up there by GM. Only 70 to 100 a year have been sold through 15 dealers. However GM hopes that some of the Opel dealers taking the Isuzu vehicles will put Bedfords on their sbopping list in future.

So far 70 dealers have been signed up for Isuzu in Germany and the number should rise to between 100 and 120 by the end of this year. About 80 sub-dealers will also be appointed.

The new joint European sales company, 51 per cent owned by GM, is based at Russelsheim near Opel's headquarters with a former Bedford executive, Mr Bliker Jacobson as chief executive. It is due to start operations in May this year—nearly six months behind the original schedule—at which stage Bedford will give up its responsibility for GM commercial vehicle sales in Europe.

Bedford has been absorbed into GM's world truck and bus division, based at Pontiac, Michigan. The separation of Bedford from Vauxhall, GMs car company in Britain, eventually should produce a clear picture of the financial results in each business.

Isuzu vehicles are given a prominent position on the GM stand at the Geneva Motor Show. The Swiss experience gives an indication of what *might* happen in other countries. Of Opel's 87 main dealers in Switzerland 53 are to sell Isuzus and eventually there will be 70 main and 50 sub-dealers covering the country.

GM hopes to sell between 1,800 and 2,000 Isuzu vehicles a year, in Switzerland. GM bas no present intention of selling Isuzus in Italy or France, countries with restrictions on Japanese vehicle imports, or of increasing the range offered in Britain.

Emilia Tagaza examines one of the Philippines new industrial projects

Self-sufficiency may prove costly

THE PHILIPPINES' $530m copper smelter, scheduled to come on-stream in April, has raised hopes that the country can yet increase its foreign exchange earnings *from* the commodity by locally processing some of its copper output.

The copper smelter is one of the Government's ambitious "11 major industrial projects." Unlike most of the other projects, its construction has proceeded *without* much delay, but as the smelter's inaugural date approaches, signs are that it is not completely without the controversy that has bedevilled the others.

The Philippine Associated Smelting and Refining Corporation (Pasar), the smelter's owners are deadlocked with local mining companies over smelting charges. Although eight mining companies jointly own 28 per cent of Pasar, they claim they ore being offered uncompetitive smelting fees. An official of one of the firms said Pasar has proposed a refining fee of 9.5 cents per pound, higher than the 8 cent-fee charged by Japanese smelters. He said they are negotiating a fee of about 9 cents or even less.

The official said there are also disagreements over shipping rates, with Pasar proposing *to charge almost the same rate* as what the companies are now paying to ship their copper ore to Japan. "This is ridiculous because copper will just be transported within the Philippines," he said.

Mr Roberto Ongpin, the Trade and Industry Minister, claimed it was not fair to compare rates with Japan because Japanese smelters have deliberately slashed rates as they consider the Philippine smelter a threat. He argued that Pasar *will not take* all the *mining* companies' output so they could still continue selling most of their production to Japan.

The Philippines Government hopes to see a boost in the country's foreign exchange balance through a switch to local refining of its copper ore. It is concerned, however, that its plan may be eroded because of price cutting by Japanese smelters. The issue has been clouded by industry concern over whether it is sound economic policy for the industry to reserve part of its copper output for domestic smelting at non-competitive terms

Last year, all copper mining concerns were instructed by the Government to reserve 30 per cent of their copper output for Pasar. The move was questioned by Mr Jaime Ongpin, the influential president of Benguet Corporation, one *of* the country's biggest mining companies. Mr Jaime Ongpin, a brother of the Trade and Industry Minister, said "the question that must be asked *is whether it is legal, much less* sound economic policy, to compel an entire industry to reserve any part of its production at potentially non-competitive terms, in order to ensure the viability of a single enterprise in which the Government *happens* to be a major investor."

The state-owned National *Development* Corporation (NDC), which is headed by the Trade and Industry Minister, holds the single largest interest in Pasar, owning 35 per cent of the capital stock. A Japanese consortium composed of Marubeni, Sumitomo, and C Itoh, jointly own 32 per cent while the remaining 5 per cent is held by the International Finance Corporation, a World Bank affiliate. The remaining 28 per cent is held by the eight protesting mining companies.

In questioning the economics of the copper smelter, Mr Jaime Ongpin said, "There is just no way Pasar will be able to compete profitably against Japanese smelters which were built prior to the oil crisis for *less than half* the cost of Pasar, or against smelters in South Korea, Taiwan and China which are operated more for strategic then for commercial purposes."

Despite the deadlock over *refining charges, Mr Constante* Ventura, the Pasar president, is confident agreement can be reached by the end of this month. Another Pasar official said that the mining companies cannot really afford to be uncompromising since they too can benefit from an agreement with Pasar. "In the future, Japanese smelters could no longer dictate terms because the mining firms could use the contract with Pasar as a bargaining lever," be said.

The smelter, being built in Leyte province in the central Philippines, will have an annual capacity of 138,000 tonnes. It was designed by Mitsui Mining and Smelting of Japan while Marubeni is acting as principal construction supervisor. The *Construction and* Development Corporation of the Philippines (CDCP), the major Philippine construction concern is the general contractor.

The Government is already considering expanding the smelter's capacity. Minister Ongpin said a final decision on expansion will be taken a few months after the smelter has been running. The expansion plan was triggered by the agreement among the Association of South-east Asian Nations (Asean) to let the Philippines build a copper fabrication plant as its contribution to the five-nation grouping's regional industrial programme.

Industrial policy defended in Tokyo

TOKYO — Japan's semiconductor makers yesterday lashed out at a U.S. industry study which had claimed Japan's Government was orchestrating an attack on U.S. makers of key computer parts.

Flatly rejecting charges of an "unfair" Japanese industrial policy, the Electronic Industries Association of Japan (EIAJ) said other industrialised nations employ similar industrial policies.

Japan's industrial policy is being criticised—largely or solely because it has been relatively more successful—than the industrial policies of most other countries except the U.S., the group said.

The Association also blasted a critical U.S. study, released February 3 by the U.S. Semiconductor Industry Association (Sia), as being "crowded with statistical hyperbole, factual misrepresentations and pettifogging details."

The statement specifically denied the Sia's claims that the Japanese *Government had* provided excessive assistance to Japan's semiconductor makers.

The Japanese association's statement said the U.S. Sia "should make clear the real purpose" of its criticisms of Japanese industrial policy, "whether *such* criticism itself is the purpose, or if it is trying to lay the foundation in the U.S. for a policy of Government and industry co-operation as in Japan."

The association said "all countries," including Japan and the U.S., have "quite properly" sought and currently seek to encourage efficient industrial and technological development.

"Such industrial policies are a proper and legitimate expression of national policy and serve economic and national security needs of the government involved," the Japanese group said.

AP-DJ

Iraq seeks to defer $1.5bn of payments

Japanese trading houses and contractors have started negotiations with Iraq on its proposal to defer payment for construction works totalling an estimated $1.5bn, Reuter reports from Tokyo. The negotiations will concern the periods of deferral, ways to raise funds to cover it and interest rates.

UK NEWS

Workers may lose pay-in-cash option

By John Lloyd, Labour Editor

THE GOVERNMENT is considering legislation to repeal or amend radically the 150-year-old Truck Act, which enables the employees to insist on payment of wages io cash. The subject is a controversial one, because of the preference shown by the majority of manual workers in the UK for cash wages over cheque or bank transfer.

Mr Norman Tebbit, the Employment Secretary, said yesterday that the Government was persuaded that the time had now come to reform the legislation to faciliate the spread of cashless pay.

Mr Tebhit said a switch to cashless pay was estimated to save employers £30 per persoo per year. "Such savings improve competitiveness and job prospects. Employees benefit from the reduced risk of theft or loss from pay packets and the community benefits from a reduction in the scope for robbery and theft."

A consultative document on the payment of wages, issued yesterday proposed a number of options, including the repeal of the Truck Act, brought in 1831 to protect workers from abuses associated with payment in kind, and specifying that a worker could only be paid by cheque if he consented.

Labour 'budget' plans £5bn boost in spending

BY MARGARET VAN HATTEM

THE LABOUR PARTY yesterday produced its alternative to next week's Conservative budget – a £10bo expansionary mix of public spending and indirect subsidies to industry, plus a major shake up of persooal taxatioo aimed at making high and middle income earners subsidise tax cuts for the low paid.

The programme, drawn up by Mr Peter Shore, the Shadow Chancellor of the Exchequer, and his team includes:

- A £5bo boost to public sector capital spending (oo housing and construction) and current spending (on education, health and social services).
- A £4bn boost for industry, comprising either abolitioo of the National Insurance surcharge, or cuts in VAT and a rent freeze, or a mixture of both.
- A £1bn top-up for pensions and benefits, rising to £2bo over a full year.
- A self-financing tax package designed to make those earning £13,000 a year or more subsidise a 10 per cent real rise io tax allowances.

The programme is in line with Mr Shore's Programme for Recovery, published last November, and shares its basic assumption that a Labour Governmeot, co-operating with trade unions in a natinnal economic assessment, would be able to hold real pay increases to about 2 per ceot.

It envisages a cootinuing fall in the sterling exchange rste to "reasonably competitive levels" (Mr Shore is giving no specific figures) and a 2 per ceot cut in ioterest rates.

Mr Shore estimates the additional cost of the package to the Public Sector Borrowing Requirement (PSBR) at £6bn. In this it is broadly comparable with the £5.15bn net cost of the SDP/Liberal Alliance "budget" brought out 10 days ago, which includes a number of measures broadly similar to those in the Labour plan.

As with his 1986–83 pre-budget statement, Mr Shore gives priority to reducing unemployment, repeating his job-creation target of 500,000. The Alliance has also adopted this target. The main new element in this year's package, and the one likely to prove most controversial, is the reform of personal taxatioo.

Mr Shore yesterday disclaimed any desires to punish the rich, saying he was intent only oo fair shares for all.

UK car industry 'now over the worst'

By John Griffiths

THE UK motor industry is now past the worst of its crisis, and is beginning to compare well with the rest of Europe. But manufacturing costs still need to come down much further and the recovery remains fragile. It could be destroyed overnight by "ill-thought actions by governmeot, managemeot or work force."

These are some of the conclusions drawn by Professor Krish Bhaskar, accounting and finance professor at East Anglia University, in a 330-page study of the UK and European motor industry released yesterday.

Ironically, Prof Bhaskar, an influential commentator on the industry, released his report on the day that Ford's Halewood plant at Liverpool came to a halt over the sacking of one man, and BL workers walked out at Longbridge.

Halewood itself was a factor in his assessment of Ford operations in Europe. Comparing its 700-900 cars a day output with 1,350 a day from Ford's similar plant at Saarlouis, West Germany, he predicts that by the mid-1980s Ford is likely to be short of production capacity to meet its target of winning 13 per cent of European sales. This was the logic for installing new capacity in Portugal.

"If sales do not theo reach these expectations, the logical action for Ford would be to close one of the higher-cost plants... probably Halewood."

Prof Bhaskar predicts that new car demand in Westero Europe will reach a record of about 12m in 1986 from 10.4m last year, followed by a sharp drop in the later 1980s and a long climb to a new peak early in the 1990s.

He expects European price, now at an all-time low in real terms – with most European makers recording heavy losses – to recover and bring the European industry back into profits by 1985–86. This will come about, he forecasts, as the result of the ending of recession, higher volumes as car ownership per capita moves closer to U.S. levels and continuing restrictions on Japanese imports.

The Future of the UK and European Motor Industry. £95 Ronald Sewell and Associates, 1 Queen Square, Bath

Britain leads Community in attracting foreign investment

BY JASON CRISP

BRITAIN has attracted by far the largest share of direct overseas investment in the European Community, says a report published yesterday by the Invest in Britain Bureau (IBB).

The report says more than half of all Japanese investment in the EEC has been in Britain. For many years the UK has also been the largest recipient of U.S. investment in the EEC. The bulk of recent new overseas investment in the UK bas been in electronics.

In the past four years there have been more than 600 decisions to invest in the UK, involving nearly 60,000 jobs. By far the largest source of overseas investment in the UK has come from the U.S.

During the four years 281 investments have come from the U.S. involving more than 37,000 johs.

The report discloses that in 1979 foreign enterprises represented 2.5 per ceot of manufacturing establishmeots io the UK. They accounted for 14.1 per cent of employment, 16 per cent of wages and salaries, 20.3 per cent of oet output and 21.5 per cent of net capital expenditure.

The report says: "Foreign-owned companies are vital to the ecooomic life nf Britain. They bring new technology, new management styles and attitudes, the injecboo of capital investmeot, the generation of exports and new jobs."

The IBB is part of the Department of Industry and was formed to encourage investmeot in the UK.

The net flow of direct inward investment into the UK io 1960 – including unremitted profits and excluding the oil iodustry – totalled £2.6bo, of which £1.6bn was from the U.S. After the U.S., West Germany is the largest investor in the UK.

Although Japan has attracted considerable attention fnr its UK investments, the IBB reports only 24 Japanese companies have manufacturing units in the UK with gross assets of more than £80m.

Financial assistance to foreign companies under Sections 7 and 8 of the Industrial Development Act 1982 totalled £71m io the 1981–82 fioancial year. Foreign companies received 47 per ceot of all assistance offered uoder Section 7 and 58 per cent under Section B.

Inward Investment nnd the IBB – 1977–82 is nvailnble free from: Investment in Britain Bureau, Department nf Industry, Kingsgate House, 66–74, Victoria Street, Londnn SW1E 6SJ.

Steel plant rescue challenged

BY PETER BRUCE

THE GOVERNMENT has beeo strongly criticised by an all-party committee of MPs for its decision last December not to allow the British Steel Corporation (BSC) to close the big integrated steel plant at Ravenscraig in Scotland.

In a report published yesterday, the Industry and Trade Committee says the decision to retain steelmaking at five large sites "was essentially a political rather than an economic decision," and it suggests that the cost should be borne directly by the Government and ont by BSC.

It dismisses the assertion by Mr Patrick Jenkin, Industry Secretary, that closure of any one site would have involved an irrevocable decision that might be proven unnecessary should the steel market improve. "The irrevocability argument hinged on his unsupported assertion that furnaces for iron and steel-making once closed cannot be re-opened," the committee said.

Mr Ian MacGregor, chairman of BSC, said the cost of maintaining steelmaking at Ravenscraig could cost up to £100m a year. "In our view, the decision (not to close a major plant) is extremely costly and its consequences must delay the development of a thoroughly efficient, cost-competitive UK steel industry in a changing world," the report says.

8,200 idle in Ford Halewood dispute

FINANCIAL TIMES REPORTER

THE UNOFFICIAL strike halting all Escort car production at the Ford works at Halewood on Merseyside is set to go oo at least ontil the beginning of next week. Meanwhile, a total of 8,200 hourly paid workers, almost the entire car production workforce, is now either on strike or laid off.

A management spokesman said yesterday that, with the position deadlocked, 4,500 hourly paid workers were now on strike in the assembly plant and 3,700 laid off in the body plant.

The assembly plant shop stewards will meet this morning to consider the position. No night shift is worked at Halewood on Friday, so on mass meeting at which any decision could be takeo can be held before the weekend.

Meanwhile, a mass meeting is being called on Sunday by the stewards in the body shop, but it is not connected with the strike. It is to give a progress report oo the company's proposed cutback programme at Halewood, in which 1,300 voluntary redundancies are being sought among the 9,700 production workers by the beginning of May.

By the eod of what would have beeo last night's shift, Fords had lost 2,500 Escorts worth £12.5m at showroom prices since the start of the strike on the Tuesday night shift. The man at the centre of the dispute, Mr Paul Kelly, aged 25, of Liverpool, who was dismissed for allegedly maliciously damaging an unfinished car by beoding a bracket, yesterday claimed the strike would oever bave takeo place if management had agreed to an independent inquiry.

A union appeal against his dismissal was rejected under the normal discipline procedure.

Suspension warning to underwriters

By John Moore, City Correspondent

THE COMMITTEE of Lloyd's of Londoo, the insurance market, yesterday warned two of its leading underwriters that it is to consider suspendiog them from the market after an internal inquiry into the relationship of the underwriters with the Fidentia Marine Insurance Company of Bermuda.

It said it had decided "to give notice to Mr Raymond Brooks and Mr Terence Dooley of its Intention to consider administrative suspension under the relevant section of Lloyd's by-laws."

The inquiry has studied the underwriters' involvemeot with Fideotia, a company which received large amounts of money from syndicates under the management of Mr Brooks and Mr Dooley over a seven-year period.

Yesterday the two meo were notified of Lloyd's action and given the details of the findings of the inquiry

EEC move against cut-price paper

BY MAURICE SAMUELSON

THE EEC Council of Ministers has raised the minimum prices of kraft liner paper, the most widely-used packaging material, in an anti-dumping move aimed at suppliers in North America and Scandinavia. The EEC's intervention price is to rise 30 per cent over that which it set in 1978.

The move will lead to higher European prices for corrugated casing, in which kraft – made from virgin timber pulp – is a key ingredient.

The heaviest and most commonly used grade of kraft, weighing between 175 and 337 grammes, will officially rise in price from $258 to $333 per tonne. Low prices, reflecting overcapacity in the U.S., have caused severe difficulties for European producers of waste-derived board, known as test liner, the main alternative to kraft.

The oew EEC base prices will have a stronger effect on the Cootinent, where imported kraft is believed to have been selling at up to $30 a tonne less than in Britain.

Low import prices reflected the collapse in the North American kraft market

In Britain, cheap kraft badly hit demand for waste-derived test liner, whose main producers are Bowaters, Thames Board and Reed International (which last year closed a board mill).

Even before the latest price rise, the UK corrugated case industry had announced thet it was planning higher prices because of its own higher costs.

UK plutonium helped Japan's nuclear effort

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH plutonium helped to launch Japan's fast reactor research and development programme in the early 1970s, the UK Government has disclosed.

There was a denial, however, that any plutonium from Britain's civil nuclear power stations had been used in its defence programme. It had no plans to make any military use of plutonium from civil nuclear stations, nr from the prototype fast reactor at Dounreay.

Neither had it ever exercised its right to withdraw plutonium from international safeguards, where all plutonium from Britain's civil power stations had been placed voluntarily since 1978, Mr Jnhn Moore, Energy Under-Secretary, told Parliameot in written replies to questions about plutonium exports.

Britain has exported plutonium to six countries – Japan, the U.S., Belgium, France, Switzerland and West Germany.

Britain supplied Japan with kilogram quantities of plutonium for nuclear experiments in 1972 and 1974, including plutonium of a purity normally reserved for nuclear weapons.

The so-called weapons-grade plutonium was requested as part of an order for fissile material placed with the Central Electricity Generating Board (CEGB) and British Nuclear Fuels (BNFL), said Mr Moore.

Weapons-grade implies the plutonium is rich in the fissile plutonium-239 isotope, and lean in plutonium-240 and other isotopes.

The export order was approved by the International Atomic Energy Agency (IAEA) custodians of the Non-Proliferatioo Treaty. It is still subject to international inspection by the IAEA.

Japan is a potential partner of Britain in new international arrangements under discussion for the development nf commercial plutonium-fuelled fast reactors.

Part of the plutonium order was fulfilled by the CEGB from fuel at its Wylfa nuclear station in Anglesey, with the rest supplied by BNFL from its reactors at Calder Hall and Chapelcross.

The Government's disclosure about the assistance Britain has rendered Japan's fast reactor programme resulted from questions about the disposal of plutonium from Wylfa, Britain's last and largest Magnox nuclear station.

The civil Magnox stations operated by the generating boards were developed from a type of reactor originally needed to make plutonium for nuclear weapons, and installed at Calder Hall and Chapelcross.

A characteristic of the Magnox reactor is that it will yield a very pure plutonium, particularly suitable for ouclear weapons, in the early months of operation.

The first fuel discharged from a new reactor of this kind is very rich in plutonium-239. As the reactor settles down, fuel can be left in lnnger, with considerable benefit to generating costs, while becoming less and less suitable for weapons.

The plutonium rich in plutonium-239 is also needed for certain experiments in reactor physics.

£7.4m more launch aid for Short's commuter airliner

BY LYNTON McLAIN

THE GOVERNMENT is to provide an extra £7.4m in launching aid for the SD360 commuter airliner project of Short Brothers. The aid is part of an additional £12m being made available hy the Government to the company over the next 12 months.

Mr James Prior, the Northern Ireland Secretary said in a written answer in the House of Commons that the Government had approved an updated corporate plan for the company. This is designed to maintain the original strategy for the company endorsed by the Government in December 1981.

The strategy was designed to allow Short Brothers to continue development nf aircraft, aerostructures and guided missiles

"The Government has authorised an increase in the company's cumulative external funding requirement from £78m for the period to March 1983 to £90m for the period to March 31 next year. As its contribution to financing the additional £12m requirement, the Governmeot will provide £7.4m in 1983-64, largely by means nf payments under a launch aid cootract on the SD360. The balance will be raised through commercial borrowings," Mr Prior said.

● The disclosure of ministerial working papers is nnt necessary for a fair trial of a High Court action by 20 internatinnal airlines over increased landing charges at Heathrow Airport, the House nf Lords has held.

The papers would tend merely to repeat information contained in official documents already disclosed to the airlines in their claim against the British Airports Authority and the Secretary of State for Trade, the Law Lords concluded

They were giving their reasons for having decided in January not to inspect 100 ministerial pepers, and 150 documents that passed between senior officials of the Trade and other government departments.

The steel production boom continues

By Ian Rodger

THE rising trend in British steel production that began in January *continued strongly* in *February*. Weekly nutput averaged 312,000 tonnes, 20.4 per cent above the January rate and 35 per cent above last autumn's rate.

Steelmakers say this reflects e sharp increase in orders since the decline in the value of sterling. Pressure from import competition is said to have subsided considerably in many product areas, particularly wire rod and light sections, in the past twn months.

Another factor is the steel consumers' knowledge that most steel prices are likely to increase next month and, largely because of the sterling decline, the increases are likely to stick. Consequently, steelmakers and stockholders believe some of the surges in ordering reflects stock rebuilding in advance of the increases.

£1 coin will boost the recession-hit vending industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE INTRODUCTION of the £1 coin next month will give a significant boost to the UK vending industry, which has suffered lower growth during the recession.

The £1 coin will make it possible for machines vending hot meals to be used in factories and offices instead of the more labour-intensive – and therefore costly – staff canteens.

Machines capable of taking the new £1 coins were on display this week for the first time at the International Vending Exhibition in London, which was officially opened by Sir Keith Joseph, the Education Secretary.

The exhibition also included a variety of vending machines employing the latest electronic technology to make them more efficient io dispensing food and drinks and less liable to go wrong.

Vending machines are by no means a modern invention. Hero, the Greek mathematician, is credited with originating the vending machine in 215 BC when he devised a machine for dispensing holy water in Egyptian temples in return for a coin.

In more modern times, vending machines dispensing chocolate and cigarettes have been a feature of railway stations for decades. "What the butler saw" machines have also stood on seaside piers since Edwardian times, and coin-operated juke boxes have been popular since the 1930s.

The total number of vending machines in use in the UK is estimated at 7.4m, about mostly in the service sectors. For example, there are nearly 5m gas and electricity meters, 500,000 amusement and gaming machines, 300,000 telephone boxes and stamp machines, and about 1m other service-type machines.

Machines selling actual merchandise include about 175,000 cigarette machines, 100,000 confectionery dispensers, and some 100,000 selling other types of goods.

According to the Mintel market research company, about 23 per cent of all vending expenditure is on drinks – 15.5 per cent for coffee, 8 per cent for tea and soup, and 1.5 per cent for cold drinks.

Other market research – from the Geneva Institute of Research Associations (GIRA) – suggests that there is still considerable potential for workplace vending. It believes there are some 380,000 possible locations for vending machines in the UK but that only 60,000 locations currently have a vending machine.

GIRA estimates there are actually some 137,000 vending machines located in factories or offices but some locations have more than one machine.

This potential growth into offices and factories which do not have as many machines as they need is one reason why the industry is fairly optimistic about the future, even though the number of company failures and high unemployment during the recession has obviously affected the number of vending outlets.

At the same time however, the recession has helped vending operators as companies have cut back on their own catering operations – including the traditional tea-trolley – to offer more cost-effective food and drinks from vending machines.

There remains no doubt that the vending machine operators are competing very hard for business.

A sign of this fierce marketing activity is shown by Klix, a leading manufacturer owned by the Mars group, which this week launched a test advertising campaign on radio aimed at persuading consumers to use Klix vending machines rather than other models.

Government faces claim over seized Krugerrands

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE SEIZURE by Customs officers at Dover of 1,500 smuggled Krugerrands, valued at £300,000, seven years ago, has led to the UK government *facing a claim by a West* German company before the Europoean Commission of Human Rights in Strasbourg.

Allgemeine Gold- und Silberscheideanstalt, a Pforzheim gold and silver refining company, alleges that the Customs' refusal to release the Krugerrands, of which the company claims to be the legal owner, is a violation of property rights guaranteed by the European Conventioo on Human Rights.

The Commission sat in private session this week to hear arguments from the company and the UK Government as to the admissibility of the claim, made under Article 1 of the first protocol to the Convention. The case dates back to August, 1975, when Customs officers discovered tha Krugerrands concealed in the spare tyre of a car at Dover.

Three meo were convicted under the 1952 Customs and Excise Act of fraudulently attempting to evade a ban on the import of gold coins.

Two years later Allgemeine Gold began legal proceedings in England against the Customs, claiming to be the owner of the Krugerrands which, it said, it had been induced to part with by the fraud of two of the three convicted men.

The company's contentioo that it was entitled to the return of the Krugerrands under EEC law and the human rights conventioo was rejected by the High Court and the Court of Appeal.

One part of the company's argument was that the relevant provi*sions of the 1952 Act were to be con*strued in the light of, and subject to, the general provisions of public international law, which prohibited the unjustified confiscation of property belonging to friendly aliens.

Alternatively the company argued that the Act was to be construed in accordance with Article 1 of the first protocol, which provides that "no-one shall be deprived of his possessions except in the public in*terest* and *subject to* the *conditions* provided for hy law and by the general *principles* of *international* law."

The appeal judges held that there was nothing in international law or the buman rights convention that would entitle, or require, the English court, applying English law, to make an exception from liability to forfeiture in favour of a foreign owner, even if he could show that he had not been party to the act that led to the forfeiture.

As Lord Denning put it: "I believe that the general body of opinion in international law is that you should not *confiscate* the property of an alien by nationalisation except on due compensation.

Nevertheless, it is clear to my mind that that provision of international law has no application whatever to a case of this kind. This is property which is smuggled into a country contrary to its own laws for the protection of its customs duties and other duties.

"These Krugerrands are forfeitable to the Crown because they were smuggled in in this underhand, devious way."

Allgemeine Gold was refused leave to appeal to the House of Lords and its only *remaining* course was to lodge a *complaint in* Strasbourg.

If the Commissioo decides that the complaint satisfies the admissibility requirements it will go on at a later stage to consider its merits in detail.

If *finally satisfied* that there has been a breach of the Convention, tha Commission will try to bring about a friendly settlement between the company and the UK Governmeot. Failing that it will send the case to the European Court of Human Rights for a ruling.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Battle of the fertiliser giants

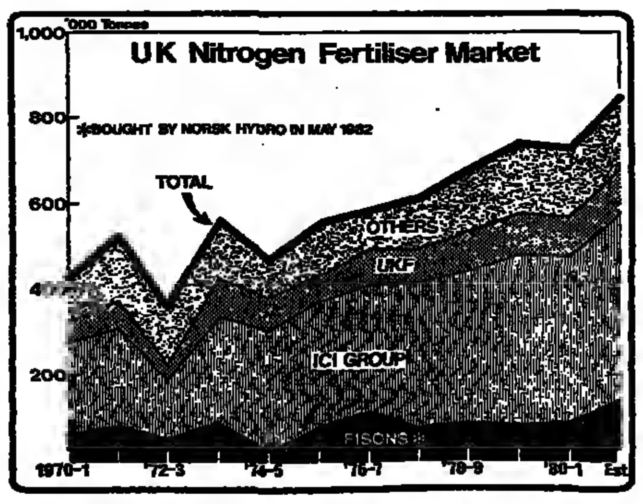
Norsk invaders on the rampage

BY CARLA RAPOPORT

RARELY had a divorce been more welcome. When Fisons managed to sell its fertilisers division last year to Norsk Hydro, the Oslo-based energy and chemicals group, the rejoicing throughout Fisons and the City was resounding.

For Fisons, the benefits of the break-up came rolling in last week as the group announced more than doubled profits for 1982 and took the opportunity to launch a rights issue to raise £28m for further expansion.

On the flip side, things seemed to look less bright. A few days before Fisons' announcement, Norsk Hydro reported that its 1982 after-tax profits would be 20 per cent down on the previous year, at NKr 770m (£771.4m) on sales of more than NKr 20bn.



Graham Lever

Contributing to the decline for seven months of the year was Fisons' fertiliser business. Today, however, the £200m-a-year business claims it is already back on its feet. By the end of the year, the division plans to accomplish something Fisons had been bard pressed to do since the late 1970s—turn in a profit.

The improvement, according to the people who have lived through the change in management, is due to beavy rationalisation, improved plant efficiency and a new-found confidence which comes from having a bome where fertilisers can once again be king. But there is more to it than that.

Norsk Hydro, ballastered by revenues from its oil business, is ranked as one of the world'a top three fertiliser producers. "At Fisons, fertilisers were just not considered to be in the white heat of technology," says Harry Blackboro, chief of the division, who went with it when it was sold. "It's very bard to develop something like fertilisers when it is not on centre stage," he says.

Since tha division, based in Felixstowe, got back on centre stage, the UK fertiliser scene eertainly hasn't been the same. Imperial Chemical Industries, which for years had been enjoying a dominant position in the marketplace, suddenly bad a competitor with resources rivalling its own.

ICI fired the first shot as the ink was drying on the agreement between Norsk Hydro and Fisons. The chemical company dropped its prices of compound fertilisers in May and followed up in June by selling its popular nitrogenous fertilisers st prices below those it had announced previously.

"Farmers bave been having a marvellous time," says Blackboro. "Prices for fertilisers today are less in real terms then they were seven or eight years ago." He maintains that Norsk Hydro is not interested in flooding the UK with its prodncts in an effortt o beef up market share, but admits that imports from the parent company of ammonia nitrates, the so-called straigbt nitrogen fertiliser, were significant last year.

These imports, plus the UK company's own improved plant efficiencies, have b-lped to win the company nearly 17 per ceot of the growing nitrogen fertiliser market (see chart) compared with just over 13 per cent a year ago. So far, the squeeze has been on the smaller producers, usually family-owned companies, who can't afford to slug it out with low-cost producers like ICI and Norsk Hydro.

Still, the beavily depressed state of the fertiliser industry world-wide bas meant that ICI's bold on its home market is of growing importance to the company. To date, it has only lost a point or so in market share but instead of being able to raise prices to restore its once secure margins, they are shrinking further as the price war continues to rage.

Indeed, at last month's annual Press conference, John Harvey-Jones, ICI's cbairman, made a point of saying that tha fertiliser business bad stood up to what be called the "Norsk lovasion." Profits for the agricultural division, however, which include agrochemicals and industrial gases—fell from £182m to £158m in 1982; tha City estimates that a drop in profits from fertilisers contributed more than a third of this decline. Industry sources say ICI "gave away" £20m on fertilisers last year by cutting its prices.

ICI had been able to build its commanding strength in fertilisers thanks to an extremely f avourable 15-year natural gas contract that allows it to make ammonia, a prime constituent of fertiliser, at very competitive prices. When energy prices went up in 1973-1974, Fisons was caught out through its decision not to build internal ammonia capacity, and to this day the division buys most of its ammonia over the fence from ICI's plant in Immingham.

"I believe that's the last time they'll build a plant for us," says Blackboro witb a smile. The Norwegian group bas a bighly efficient 350,000 tonnes-a-year ammonia plant coming on stream in 1984 in the Netherlands and plans are afoot for another £100m ammonia plant to be built within the next year or so in either the Netherlands, Norway or the UK. Considering ICI's woes in its mainstream chemical divisions, ICI will be hard-pressed to match those investments over the next few years.

A slight 51-year-old with a soft voice, Blackboro insists that Norsk Hydro is not interested in using this ammonia to squeeze market sbare from ICI. Prices are not at a viable level; this is true from ICI to Joe Bloggs."

He says that £1 on the price per tonne of fertiliser would bring £1m straight to the bottom line and this is what be's after. Any additional capacity developed in the UK, he reckons, would fit into Norsk Hydro's general plans for increasing its sales throughout Europe.

According to those in the industry, ICI believes that these aentiments aren't worth more than an ounce of fertiliser. The chemical company is determined to hold oo to its share, and win back any slippage, in the nitrogen market through aggressive pricing. The only prospect for higher prices, ICI believes, lies with improved demand.

But demand in the notoriously cyclical fertiliser business has been sick for nearly two years. The industry world-wide suffers from overcapacity, which has been aggravated by the growing tendency of developing countries to build fertiliser plants in order to supplant imports.


Trevor Humphries

Harry Blackboro was appointed head of Fisons' fertiliser business in early 1980. It was painfully clear from the start, he says, that Fisons at that time was not interested in developing the business and that another shareholder, or even owner, was necessary. Norsk Hydro, one of the world's largest fertiliser producers, was Fisons' prime target for a sale. It took months of negotiations to clinch the deal, but just as it was going through last May, ICI cut its prices on two major products, thus setting off another fierce price war.
Blackboro, who had expected to stay with Fisons, felt that the new conditions put him under a moral obligation to stay with his division. "Margins went right down. Our projections (before the sale) became nonsensical. I was under a certain amount of pressure from Norsk Hydro—their attitude was that if it was good enough to be sold, I should go with it."

For ICI, the renegotiation of the British Gas contract next year will be a crucial one. ICI is expected to point out that its main competition in the field, Norsk Hydro and UKF, the Dutch group, are both government controlled companies and, as a resutt, it will expect the British Government perbaps to add this factor into its equation.

ICI also aims to bold onto its position through upgrading the efficiency of its ammonia production, and competitors credit the company with major advaoces in this field. Even so, ICI still has a number of plants whicb bave yet to be upgraded.

At the old Fisons business, managers can still scarcely believe that tbey are worrying ICI. The cuts in the division's staffing have been mammoth—by the middle af last year, the staff was down to 2,000, against a total of 4,000 three years earlier.

"The whole place has been taken apart and put together again. Our variable cost per tonne has been raduced by 20 per cent from a year ago; in fact we are producing more fertiliser than we ever have done," says Blackboro.

The company is also broadening its tecbnical assistance programmes in an effort to win more farmers to their products. In general, marketing techniques are lost on farmers wbo tend to vote with their feet on commodities like fertilisers. "We're number two, so we bave to try barder," says Blackboro.

Few in the industry are willing to predict who will come out on top in this battel for better margins and market share, but the winners so far, of course, are Britain's farmers.

Computerised accounting

Why Plessey's new maths upset its stock rating

FOR Bob Nellist, pulling together all the financial information for Plessey's annual report and accounts was a tedious business.

The information used to be delivered to the British electronic group's Ilford, Essex, beadquarters in typed or band-written form, together with the relevant audited figures on a pro-forma document. These returns, which last year added up to sales of nearly £1bn, came from 131 different reporting centres around the world in 17 different currencies.

Each set of figures had to be carefully checked — there were always transcription errors. They were then manually consolidated for the traditional announcement to the Stock Exchange at the end of June and, four weeks later — a full four months after the company's financial year-end — turned into the familiar glossy document that would be posted to shareholders.

Last year the routine changed. Everything happened a month earlier.

When notification that the group's results would be annouoced earlier than usual was announced at the Stock Exchange, cynical stockbrokers took the view that something was amiss. A rights issue in the pipeline? Or even a bid in the offing? In two days the shares dropped 10p to 360p and the company decided to issue a statement to stop the speculative slide.

The reason for the earlier announcement, said Plessey, was nothing more sinister than the introduction of a new computer to speed up the collection and consolidation of financial information. At this announcement, the share price edged up again and Nellist was able to get back to running the company's accounting and treasury functions.

Nellist, Plessey's deputy director of finance, bad just completed an 18 month project to bring the company's "number crunching" into the electronic age using Hewlett-Packard 125 and 3000 computers. Plessey is among only a bandful of companies world-wide that is pioneering a new system of transmitting and validating financial data. It allows all Plessey's far-flung outposts to transmit financial information to head office down an ordinary telephone line via a portable microcomputer—the HP 125. To help overcome arithmetic and transcription inaccuracies, the computer checks all additions and cross-references.

Explains Nellist: "In accounting, all debits bave to equal the credits. Numbers can't be put in that don't add up. Also, for example, the depreciation charge in the profit and loss account must equal the increase in depreciation in the balance sheet.

"If a mistake is made the computer tells you where the error is and how to put it right before it is transmitted to bead office.

"Once the information from all reporting centres has been received, a small mainframe computer—the HP 3000—consolidates all the data in about 11 hours, after which we have all the final numbers and information for the annual report and accounts. The mainframe also has the facility to validate all the consolidated information."

Not surprisingly, the new system has stripped Plessey's accounting department of maoy of its personnel. Before, the company employed 66 accountants and clerks; today, the total is 35, the balance having been made redundant.

Nellist describes ordinary manual accounting as "very inaccurate and time-consuming—and an obvious target for productivity improvements."

He estimates the total cost of the new consolidation system at around £600,000, a figure which includes redundancy payments.

"Quite apart from the direct labour savings there is the question of audit fees. Because we need to use our auditors less, their fees last year—at £1m—did not rise for the first time ever. This year there is expected to be only a modest rise."

Arnold Kransdorff

THE PROPERTY MARKET BY MICHAEL CASSELL

Bank of Scotland sells Bishopsgate

THE Royal Bank of Scotland is selling its former London headquarters at Bishopsgate, City, to London & Edinburgh Investment Trust for a figure believed to be over £11m.

The sale completes the bank's recent property disposal programme in the City, which has netted it over £20m. Last year it disposed of two adjoining, freehold properties on Lombard Street at its junction with Burchin Lane for over £9m.

For London and Edinburgh, the purchase represents another major commitment for the privately owned group which has got into the front ranks of property development.

Run by John and Peter Beckworth and ably assisted by the likes of Nick Sheehan, a former Knight Frank and Rutley man, London and Edinburgh has an action-packed programme underway.

The freehold, Grade 11 listed Bishopsgate building is to be refurbished to expand net floorspare from its present 20,000 sq ft net to 31,500 sq ft. The result should be an uplift in value to around £18m. Drivers Jonas acted for the Bank while Wright Oliphant Tribe and Hillier Parker represented the buyer.

Last month, London and Edinburgh's Second London Wall subsidiary bought, with London and Metropolitan — the joint venture company with Balfour Beatty — the Gracechurch Street, City, building of Midland Bank International. The £30m purchase was funded by Societe Generale, who will occupy the building as their new UK headquarters when a refurbishment scheme edding up to 18,000 sq ft of floorspace to the existing 60,000 sq ft is completed.

London and Edinburgh is also, with S. and W. Berisford, due to start redevelopment of the Billingsgate market site. A planning go-ahead was given just before Christmas and work is due to start this year.

Further afield, the London and Metropolitan partnership has just paid over £5m for the Champion Sparkplug factory site opposite Hatton Cross tube station close to Heathrow airport.

A planning application has gone in to redevelop the 5½ acre site, involving 79,000 sq ft of high-tech space. A separate 30,000 sq ft office building will be occupied by Balfour Beatty. Champion is moving out altogether, leaving its one-year old headquarters building on the market through Richard Ellis at £11.50 a sq ft.

London and Edinburg has also been active through Macwall, its joint venture with Tarmac, and is now engaged on the redevelopment of the former Reckitt and Colman site in west London, where Fleming Property Unit Trust is also involved.

CU lets City space

THE letting of 88,000 sq ft at Commercial Union's St Helens Undershaft headquarters in the City of London has got off to a good start. Even before official marketing gets under way, tenants have been found for three of the eight floors being vacated by the insurance group.

Agreement has been reached with three existing CU tenants who are expanding their operations and who between them require an additional 33,000 sq ft in the St Helens Undershaft offices. Talks are also understood to be taking place between letting agents Richard Ellis and one or two other likely new tenants.

Rents agreed so far are just under £30 a sq ft, even though a building of this quality in one of the City's best locations might normally have been expected to breach the £30 a sq ft barrier.

But the rentals achieved are not a true test of the market or of the building as they take account of a rent review which falls doe towards the middle of next year and which has clearly inhibited the outcome.

Commercial Union is expecting to start vacating the space later this year. The group which has suffered heavily from underwriting losses, is moving larga numbers of its London staff to cheaper accommodation in Basildon and Croydon.

GLC comes to the rescue for Regional

THE Greater London Council is not every developer's idea of a good friend but Neville Conrad and his colleagues at Regional Properties must feel differently, following the GLC's decision to take the group's entire Vauxhall Cross office and industrial complex.

The scheme, on the south bank of the Thames and up river from County Hall, is one of tha nicest-looking office developments in London but Regional must have been getting more than a little concerned about the time it was taking to find a tenant.

But the GLC's architects and housing departments, together with its direct labour building operation have come to the rescue and agreed to take the lot for an annual rent of £785,000, close to the asking figure. Richard Ellis and Henry Butcher acted for Regional.

There is a 20-year lease with five-year rent reviews and the GLC (which hopes to be around for 20 years), intends to move in immediately. The self-contained office accommodation offers just under 48,000 sq ft net of floor space and the industrial section provided a further 76,000 sq ft.

Regional's shares have reacted happily to the good news, though there is a suggestion that their strength may also have something to do with a possible bid from Friends' Provident Life Office, a major shareholder. Given they nearly have control, it would take some major misgivings about the group's present performance to inspire a move for the balance—especially at the current price.

New Palumbo opponent

● Tha Greater London Council has joined the City of London Corporation in opposing the 250,000 sq ft Palumbo office scheme at Mansian House and GLC officers are now expected to give evidence at September's public inquiry.

GLC development planning panel chairman George Nicholson said yesterday: "The City has suffered enough from old buildings on a human scale being replaced by enormous monstrosities."

● Eagle Star Properties has paid Colne Valley Investments £4¼m for an 11½ acre freehold site et Junction 14 of the M25 London orbital motorway, which in 1985 will connect with Junction 15 and the M4. CVI has leased back some 100,000 sq ft on 4½ acres, and Eagle Star will develop much of the rest for industrial and warehouse use.

All set at London Shop

"McLEOD RUSSELL didn't know what they were talking about," says John Hugh Jones, "wanting London Shop to buy at yields of 3½ to 4 per cent. Over the past two years, retailing has been going badly wrong where the rents are highest."

It has been a turbulent two years for London Shop Property Trust—since the McLeod Russell "dawn raid"—but Hugh Jones still presides comfortably over a company which invests in secondary shop property—but which has also trebled its capital base to something over £100m, an achievement with obvious implications for its future dealing and development prospects.

Consciously or not, Hugh Jooes takes a belated swipe at Rosehaugh's Geoffrey Bradman for his criticism of the London Shop-Beaumont merger as being "more of the same," saying "as a deliberate policy, we are going less for income and more for capital growth."

London Shop's investment policy has evolved with its size and its increasing safety from attack. "When we raised the 9 per cent convertible"—which is when the company was a potential takeover target—"we said we could invest at 9 per cent and we did," says Hugh Jones. "Income has increased since then, so the capital value has gone up."

John Butlend, a senior partner of Knight and Co. advisers to London Shop, elaborates: "We have increased the return on that money to just under 10 per cent so far; when we deal with reviews over the next two years, it will be over 11 per cent."

But what of the risk? "High yield shopping is management intensive," says Hugh Jones, "and we've been managing it for a long time." In the year to April last London Shop's revenue was £6¼m; its bad debt provision £35,000; its actual write-off only £6,000. Looking at it another way, the current rent roll is £8¼m, voids are £196,000 but deals not yet completed account for £68,000 of that figure.

Now he can afford to come down the yield scale—"more situations with the pay-off in five or ten years' time." Bought at 7 per cent, a property could go up to a 10 or 12 per cent running yield but still be sold at 7 per cent—indicating a 40 to 70 per cent capital gain—if it was originally well chosen.

London Shop has quite a lot of money in the kitty. Main components are the debenture issue, disposals of some £4m since the Beaumont merger and banking lines of £9m "Today we could spend close to £18m," says Hugh Jones, "and the larger the lump the better."

The next logical step is for London Shop to move into development on its own account. It is already doing so, with a small scheme in progress outside Reading. Another is waiting for the local authority imprimatur in Leeds and there are development situations dormant in its own portfolio.

9.12.80	McLeod Russell, plantations to packaging, acquires near-15 per cent stake (subsequently 20 per cent).
13.12.80	Revaluation pending.
8. 4.81	£4.87m convertible rights issue; McLeod Russell not amused.
11.12.81	Merger agreed with sister company, Beaumont Properties. Rosehaugh granted option over 22 per cent of London Shop, wants merger talks.
6. 1.82	Rosehaugh bids 135p a share, subsequently raised to 150p.
13. 1.82	Beaumont merger gets go-ahead, Rosehaugh foiled.
15.12.82	London Shop raises £10m 12½% mortgage debenture stock 2015/2020:
9. 2.83	Rosehaugh sells to "number of institutions."

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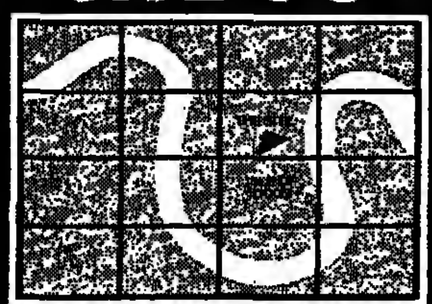

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A FINANCIAL TIMES SURVEY
OFFICE PROPERTY
The Financial Times proposes to publish a Survey on the above. The provisional dates and editorial synopsis are set out below.

PUBLICATION DATE: MARCH 25 1983
COPY DATE: MARCH 15 1983

1. **Introduction** The recession has turned the office property sector into a tenants' market. Major centres are carrying large over-supplies of space and any significant upturn in overall demand over the medium-term looks unlikely.
2. **Rental Levels** Rents in most office centres have recorded minimal growth and continued to lag behind the rate of inflation. Prospects for growth in 1983
3. **Investment** The office sector's declining performance has provoked a major rethink about its relative merits as an investment option. Only selected markets are commanding prime yields, which have begun to rise.
4. **Development** The level of office development in principal centres remains high as schemes in the pipeline are completed but prevailing demand for space has led to the shelving of many proposed schemes. Those developments going ahead are at least taking advantage of low building costs, which should make competitive rents possible.
5. **Design Trends**
6. **Office Technology**
7. **Relocation**
8. **Planning**

The remainder of the Survey will provide detailed market reports on the following major office centres: (a) City of London; (b) West End of London; (c) Birmingham; (d) Manchester; (e) Bristol; (f) Swindon; (g) Glasgow.

For further information please contact:
Tim Kingham on 01-248 0769
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

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COMPANY NOTICES

Gold Fields

Notice To Holders Of Ordinary Share Warrants To Bearer

Interim Dividend

The Directors have declared an interim dividend of 8.5p per share payable on 3 May 1983 to holders of Ordinary shares registered in the books of the Company at the close of business on 31 March 1983 and to holders of Coupon No. 134 detached from Ordinary share warrants to bearer.

Holders of Ordinary share warrants to bearer are notified that Coupon No. 134 will be paid:

in London at:
Midland Bank plc, Stock Exchange Services Department,
Mariner House,
Pepys Street, London EC3N 4DA

or in Paris at:
Lloyds Bank International (France) Limited,
43 Boulevard des Capucines,
75061 Paris, Cedex 02, France

or in Zurich at:
Union Bank of Switzerland,
8021 Zurich, 45 Bahnhofstrasse,
Switzerland

on 3 May 1983 or at the expiration of six clear days after lodgement thereof, whichever is the later.

Consolidated Gold Fields PLC
49 Moorgate, London EC2R 6BQ.

NOTICE TO THE HOLDERS OF

AFRICAN DEVELOPMENT BANK

KD 3,000,000 Series "B" 8½ per cent Bonds 1983/87

Notice is hereby given that under Clause 4 (B) of the terms and conditions of the Bonds, the Bank will redeem on May 15, 1983, at par the nominal KD 2,700,000 of the Bonds outstanding, including the nominal value of the Bonds the holders of which have exercised their option to redeem in accordance with Clause 4 (F).
The Bonds will cease to bear interest from that date.

By Kuwait International Investment Co. S.A.K.
as fiscal agent

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that dividend No. 53 of cents per share has been declared in South African currency, as a final dividend in respect of the year ending 30 June, 1983, payable to members registered in the books of the company at the close of business on 25 March, 1983. The register of members will be closed from 26 March to 4 April, 1983, inclusive, and dividend warrants will be posted on or about 5 May, 1983.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by The United Kingdom Registrars and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 28 March, 1983, on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom.

By order of the board,
RAND MINES, LIMITED
Secretaries
per A. H. KNOESEN

Registered Office:
15th Floor, 63 Fox Street
Johannesburg 2001
(P.O. Box 62370, Marshalltown, 2107).
United Kingdom Registrars and Transfer Agents:
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P.O. Box 102, Charter House
Park Street, Ashford
Kent. TN24 8EQ
Office in the United Kingdom:
Charter Consolidated P.L.C.
40 Holborn Viaduct
London EC1P 1AJ

10 March, 1983

THE "SHELL" TRANSPORT AND TRADING COMPANY, P.L.C.

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Tuesday, 12th April, 1983, for the preparation of warrants for a Final Dividend for the year 1982 of 12.5p per 25p Ordinary Share. If approved at the Annual General Meeting to be held on Tuesday, 19th May, 1983, the dividend will be paid on 24th May, 1983.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, not later than 3.00 p.m. on 12th April, 1983.

SHARE WARRANTS TO BEARER
The Coupon to be presented for the above dividend will be No. 168 which must be left at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, at least five clear days for examination, or may be surrendered through MM. Lazard Frères, Paris.

By Order of the Board.
G. J. OKELL, Secretary

Shell Centre,
London SE1 7NA.
10th March, 1983.

PUBLIC NOTICES

BERKSHIRE COUNTY COUNCIL BILLS
£25m due 9.6.83 issued 10.3.83 Average £97.33. £113m applications. £35m outstanding.

OXFORDSHIRE COUNTY COUNCIL BILLS
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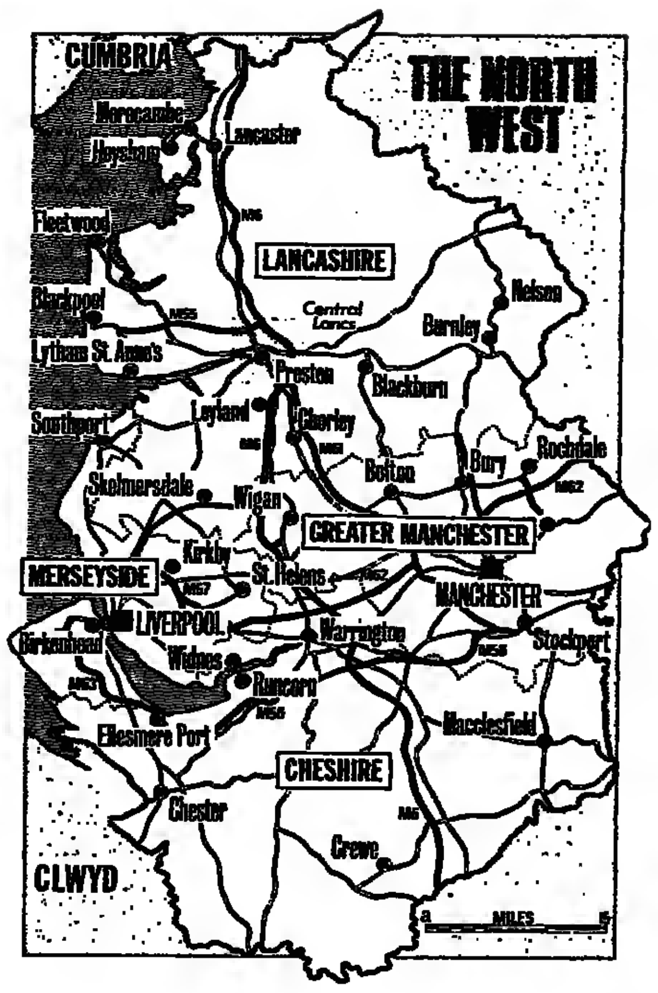
FINANCIAL TIMES SURVEY

Friday, March 11, 1983

Property in the North West

The North West reflects two features of Britain's industrial property market possibly more clearly than any other region: the interest in freehold purchase and alterations in demand for certain types of leasehold



Marked variations in demand

BY NICK GARNETT, Northern Correspondent

ANYONE WHO had a mind to do it could find a high vantage point near the edge of one of the big conurbations and take a glance with a pair of powerful binoculars at tha North West's industrial and commercial property market.

He would see more empty industrial properties than last year, more dereliction and a greater number of very big factories and mills falling into disrepair but he might also see evidence of a little flurry of activity among small new units on some of the better estates and might see one of the large relics of a declining manufacturing industry now housing the trucks and other tools of a distribution company.

Alternatively he might stroll into some local authority planning departments to study the impact of big development projects on the property market. Some, like the Morecambe Bay gasfield hava already arrived. Others lika the proposed Cumbria process park and the two new enterprise zones in Lancashire and West Cumbria have yet to come to fruition.

Perhaps he would visit Merseyside which is the epitome of industrial contraction but also of entrepreneurial zeal among the beehive units of the two-man business.

Media advertising will tell him a lot, too, whether it is tha property adverts of the area's three new towns which constantly pepper evening television or a smart brochure advertising a 60,000 sq ft property in Cheshire at 50p per sq ft complete with a luxury coach house end wine cellar, rent and rate free for a year.

The first crude guida to the market are the statistics. King and Company's industrial floorspace survey for the beginning of this year has a conservativa estimate of almost 30m sq ft of units of 5,000 sq ft and over availabla in the recession-hit North West, excluding multi-storey mills.

The survey shows that the 11 per cent growth of available property in the region in the four months to the end of last year was the second highest in the UK, outstripped only by the large rise of almost 30 per cent in the North East.

Latest trends

This came after a dip in the amount of available factory space and agents say part of the lurch npwards again was caused by some big mill properties coming back onto the market.

There are some discernible trends in what is generally a flat industrial property market.

1—The North West reflects two features of the national property market possibly more clearly than any other region: interest in freehold purchase and alterations in demand for certain types of leasehold.

Development organisations still receiva far more inquiries about leaseholds but most property agents say demand for freehold purchase has risen markedly although there is more reluctance to taking long leases and a lack of certain types of freeholds.

Industrial property users who are in a position to buy freeholds — and cheaply in the present market — want to do so. It gives them a potentially saleable asset and they are free from rent reviews over which they would have little control.

Companies starting up with little capital or moving to the North West but unwilling to commit capital on a new venture are now tending to look for short leases of between one and five years. Alternatively they will try and obtain a "break clause" in the lease.

2—Location has become a virtually all-important issue. For 500 sq ft starter units a prime factor is their proximity to the homes of the people who will work in them as well as the premises' security. For small units of 1,000 sq ft upwards, suitable for businesses which have already established themselves, closeness to motorways can be crucial. This is a feature which is important for Greater Manchester and has heen seen in the success of shifting properties near the new M602 and M63 extensions.

Communications are a strong point for the North West. As a whole it has a greater concentration of motorway links than anywhere else in the country as well as the most important airport outside the South-East.

3—There is now of course marked variations in demand. At one extreme, advertising new small workshops in Toxteth, Liverpool, has been halted because inquiries have inundated the developers. At the other end of the spectrum, rents for empty multi-storey mills has plummeted to an all-time low of 10p per sq ft in some parts of Lancashire.

In between there is a whole range of activity dependent on tha kind of property, its size, location and the luck of its owner. New units of up to 2,500 sq ft in the Salford and Trafford enterprise zones for exampla have been moving quite quickly. Rents for modern units on the outer edges of the zones however have come down to under £1 per sq ft in some places to keep them attractive as against the higher-rented but rate-free properties in the zones.

There is some resistance from developers to building units of around 500 sq ft because of worries about potential profit growth. Some properties of around 1,000 sq ft stick on the market though because they are too big for many company start ups.

Some warehousing units of up to 140,000 sq ft are finding buyers and there have been numerous industrial company relocations involving factories in the 15,000 to 60,000 sq ft range. There is a lot of property on the market though in the 20,000 to 40,000 sq ft category. The trend of mill conversions appears to have become less popular but some of it is still going ahead. One 400,000 sq ft mill in Stockport has recently been sold for £300,000.

The scramble to offer special assistance from rent-free periods to capital allowances and help with rates continues unabated.

4—The three new town development corporations — for central Lancashire, Skelmersdale and Warrington — have provided one of the few motors for relative employment stability. The science park at Warrington — one of the first of its kind in the country — is a high technology haven in a region generally slow to set them up.

The recession has made its presence felt on the new towns, however. The performance of one of them over the past year was described by a chartered surveyor as poor given the weight of advertising money and other benefits it has on hand.

English Industrial Estates has been concentrating its activities on Merseyside but it has also been building units in Lancashire, Greater Manchester and Cumbria and is involved in a small high technology development at Cockermouth.

5—For office property, rents are around £4.75 per sq ft for the best commercial property in Liverpool and £5.50 in Manchester where in a few instances however the £6 barrier has been breached. In Wilmslow, close the picturesque Cheshire countryside, south of the Manchester conurbation, rents of £7 have even been achieved.

A dual market is now developing in some of the larger commercial property areas, with considerable interest in new developments in striking contrast to the paucity of inquiries for older property.

More inquiries for new, small industrial units

GREATER MANCHESTER

"Plenty of deals are still being done," says one property agent in the greater Manchester conurbation. That is true but the industrial property market is still very sticky, the amount of available floorspace has been rising because of the recession, and sale signs pepper the office district of central Manchester.

It is by no means all gloom. New small units, particularly those near motorway extensions tend to move quickly and some for over £3 a sq ft. There has also been a steady stream of take-ups in the 15,000 to 50,000 sq ft range and demands for freehold purchase have risen. One of the conurbation's main new office blocks has seen its first tenant and office accommodation even managing to break through the £6 barrier, admittedly in isolated pockets in central Manchester.

Some warehousing activities have been expanding into former manufacturing sites though that does little to reduce the conurbation's unemployment.

Nevertheless, the sharp upturn in inquiries for industrial premises last year really has not been translated into real business. More big mill-style properties have slipped onto the market though purchase of these for breaking up into smaller refurbished units and has become less of a force in the property market.

The Greater Manchester Economic Development Corporation's property register which uses information from 150 agents is now being computerised, but it is estimated that the register includes about 1,800 available industrial properties with a total floorspace of about 23m sq ft. It is a daunting figure of the three-quarters of the properties already on the computer register, there are more than 60 above 50,000 sq ft and almost 300 each in the sizes 10,000 sq ft to 50,000 sq ft and 5,000 to 10,000 sq ft.

The special difficulties in moving properties in Oldham and Rochdale, and the size of many of the older mill properties in districts such as these are underlined by the figures. (For example Oldham with 77 properties on the register has little more than half those on the register in Stockport, but the total floor area this represents is 1.7m sq ft as against 1m in Stockport.

Nevertheless, there is some movement in the northern and traditionally difficult eastern sides of the conurba-

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PROPERTY IN THE NORTH WEST II

The region's industrial property market 'remains virtually flat'

Commercial sector moving slowly

THE BLACKENED, derelict *frontage of Liverpool's* once-splendid Exchange Hotel is an ugly marker to the end of the city's commercial sector. It occupies a whole 140-yard block, plugging a gap between the modernity of the Northern Unit of the Stock Exchange in Silkhouse Court and the beginnings *of the visually miserable* inner city district of Vauxhall.

Behind it, National Car Parks plies its trade on what was once the principal commuter railway terminus of Exchange Station, screened from the empty hotel by white hoardings covered with name and logo of the hotel's new developer, English Industrial Estates.

The hotel is being converted into an office block at a cost expected to reach £15m. The Department of Industry is paying. Bill Locke, regional estates manager for EIE, says: "It's obviously a substantial risk for the Government because it's a very big scheme. But it will have advantages over every other type because of substantial on-site parking and an adjoining landscaped park. The office space itself will be modern, totally flexible and suitable for anyone's needs."

The scheme will be ready in 1985 and Mr Locke expects to be able to get top rents—now at £4.75 per sq ft for the best commercial property in Liverpool, with £5 a little more generally in sight than it was a year ago. Such levels of income, provided the building can be let, would give the Government an annual return of about *5 per cent for its* outlay.

But why should EIE, which bas hitherto been associated only with advance factory units, now be moving into commercial office property? One reason is that no private developer has been willing to take on the Exchange Hotel and station site. Another factor is that there are important social and environmental reasons to remove such city centre dereliction.

Explanation

Moreover, Mr Locke says: "We felt that our historical activity was not going to give us a good enough return. Going into the commercial sector gives us a means of spending money effectively and utilising our professional skills."

Thereby bangs the tale of the Merseyside property market in 1983: the industrial sector continues to be virtually flat as a pancake; the commercial sector moving, albeit very slowly, and everyone in the business is now predicting a serious shortage of good office space on Merseyside by the time the Exchange Hotel is ready for its first tenants.

What is happening in the industrial sector is a grim consequence of recession in one of the hardest-hit regions in Europe. For all practical purposes there is no growth in the large and medium-sized markets. Indeed, as industrial contraction continues, so that more disused factory space comes on the market every month, the appropriate question is not so much, "Is there growth?" but, "Is there life?"

To answer the question one must look at the newly-created kindergartens for infant businesses—the tiny industrial units and the workshops that bave been multiplying in the past two years.

British American Tobacco's New Enterprise Workshops set np in an old transit shed on a derelict Toxteth dockside and opened in January with more than 30 small businesses already filling half the units. The management bad stopped

MERSEYSIDE

advertising to fill the rest because it was already inundated with inquiries. One company has already grown enough to move out into a small advance factory.

The Merseyside Development Corporation (MDC), which contributed the building and gave financial help to the BAT project, is now getting the fabric of other old sheds into shape for similar types of conversion. In Birkenhead, the Unilever-backed In Business centre has a smaller successful version of the worksbops approach in an old inner city school.

It is from these beginnings that it is hoped eventually to fill the bundreds of empty factories that are just too large for fledgling companies to be able to afford at present.

Much of the relatively new, empty space is what Mr Locke calls "bistorical stock that is very sticky on the market." It ranges mainly from 2,500 sq ft to 7,500 sq ft in size and he reckons there is at least 10 times more of it than anyone wants. It was built on the assumption that if it was there someone would want it. The experience has been a bitter one for all concerned.

What are also being taken up are 500 sq ft units for one- and two-man businesses, though *even these have* to be in the right location, which means being relatively secure and near where people live. The MDC, which built several of them on an isolated street corner in Bootle, is finding out the importance of this to its cost, although chief executive Basil Bean says that there has been a flurry of interest in the past few weeks.

Most 500 sq ft units cost the tenant about £30 a week all in. The price doubles with doubling size, but EIE says that even its 1,000 sq ft units are sticking because they are too big for starters.

Simplified rents and leases are a critical part of the marketing formula: gone are the inflexible notions of local authority bureaucrats that bad companies committing themselves to 24-year leases and restrictive assignment clauses—and if they have not gone, then neither bave the properties they relate to.

This in itself is causing management problems, however. Someone has to keep on top of rent collection and see that covenants are observed, an aspect to modern estates management that bas *taken people* by surprise and that EIE bas had to increase staff to deal with.

Another problem is security, which is more difficult with lots of small units than with fewer larger ones. An estate of small EIE factories and Beehive Worksbops in the Speke Enterprise Zone, for instance, has just set up a communal security system to protect itself against vandalism and theft.

Mr Locke says that EIE's recently established role of complete marketing management of industrial property is now ensuring a coherent policy for future development. Nothing is built now unless there is a good prospect of letting it.

Ian Hamilton-Fazey

Part of the site behind Liverpool's once-splendid Exchange Hotel which is being converted into a £15m city centre office block by English Industrial Estates

Centre of substantial investment

THE TRAUMA of surviving the loss of more than 8,000 steel industry jobs, compounded by contraction in textiles, heavy engineering and—in an earlier phase—coalmining, will continue to leave its mark on Clwyd. It cannot be blamed on lack of will or initiative by authority, local or national—much of Clwyd's modern industrial development is backed by public sector funding—that the county is still grappling with the reverberations of such a severe rundown of traditional industry.

Spearheaded in terms of new bricks and mortar by the Welsh Development Agency, reinforced by active marketing and other practical initiatives of county and district councils, as well as by British Steel, Clwyd has been at the centre of substantial new investment and an urgent industrial construction programme. Some of the county's physical scars have disappeared and more are about to do so.

It is not the only area, however, to have found that months of hard-won progress can still be eroded by a single day's redundancies. On the positive side, the county's record is as good as any in winning new industry, including what is probably an above-average quota of high technology ventures.

More than 250 new companies have located in Clwyd over the last five years but, as Richard Summers, co-ordinator of Deeside Enterprise Trust, explains, the flow of inquiries for sites for sizeable self-build factories has tailed off compared with four years ago, simply because there has been so little footloose industry about.

This has resulted in a far greater level of units in the 3,000-5,000 sq ft band, plus the occasional 10,000 sq ft. There are notable exceptions, among the most recent Deeside Titanium and the new £17m Corning Glass-BICC enterprise, Optical Fibres.

DEVELOPMENTS IN CLWYD

Most of industrial Clwyd has Special Development Area status and the county shared in the peak level of new construction by the Welsh Development Agency in the year to last March when 80 per cent of its advance factory space completed during the period was in areas hit by the big BSC rundown. In less than two years the WDA has completed more than 1m sq ft of new space in Clwyd. Deeside Industrial Park, *jointly developed* by BSC (Industry) and the WDA on a 300-acre greenfield site, and Wrexham Industrial Estate are a strong focus of the new Clwyd, reinforced by a wide choice of other locations throughout north-east Wales.

Deeside Industrial Park has been chosen for the first advanced technology centre of its kind to be built in Wales.

Tom Heaney

Demand for smaller factory units

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tion. Of the 350,000 sq ft of industrial premises at Westwood industrial estate purchased by Oldham Borough Council two years ago, only 33,000 sq ft remains. Ellenroad Mill bas just moved there though this is a relocation from Rochdale.

In Tameside, Nordsea Gas Technology is moving to a new 14,000 sq ft factory on the Globe Lane estate at Dukinfield.

Manchester itself with 350 properties providing 5m sq ft so far tabulated on the register has by far the most property available. Despite this generally gloomy picture, these are bright spots, reflected in the wide range of take-ups of property over the past year or so.

Dunlop Heywood bas sold a 400,000 sq ft mill in Stockport for £300,000 which is being broken np into refurbished units. A 20,000 sq ft property has been let to a food mannfacturer in Wigan.

At one site in Downing Street, central Manchester, over 30,000 sq ft was let last year at rentals of £2.30 to £2.50 per sq ft whereas at Whitefield, 174,000 sq ft bas gone at £1.94 to £2.12 per sq ft.

Properties at the Lyntown estate at Eccles bave gone for rents of £1.75 to £1.95 per sq ft.

GMEDC has had some *success at its four main* industrial estates. At Bredbury, Stockport, which bas been developed in co-operation with Stockport Borough *Council, part of the estate's* development is being handled by the industrial and commercial finance corporation.

Kitchens Direct took 16,500 sq ft in Manchester last year and is now seeking 25,000 sq ft for an industrial unit. At the higher technology end VG Analytical are due to move into 5,100 sq ft in Wythenshawe.

There are still shortages of mini-units in some areas though there has been a number of new developments of these, including those by English Industrial Estates at Bury, Denton and Prestwich among other centres.

The enterprise zones at Trafford and Salford have shown considerable activity, particularly for units close to the new M602 extension. This includes the King William Enterprise park where units appear to be moving quickly.

However, the debate about the value of the zones continues. A considerable proportion *of* companies moving in have simply relocated from the edges. They have also *depressed rents* for buildings just outside the zones which can sometimes be bad for £1 per sq ft or less for a relatively modern medium-sized unit.

The move of manufacturing companies out of premises to be reoccupied by warehousing or distribution services goes on. Warehousing indeed represents a growth sector in some areas.

Gallaher recently took three acres of land at Bredbury for warebousing. Kodak has leased a 40,000 sq ft warehouse at Wythenshawe and British Road Services has *taken up 82,000 sq ft at* Trafford.

New developments have been tapering off but there are still plenty about. Richard Ellis are letting agents for a number of the major developments, including 20 acres on the South Lancashire industrial estate with the Prudential, Southside One at Bredbury and the Stockport trading estate, the latter two with ICFC involvement.

The uptake in the office property market, bowever, remains slow and in some of the conurbations main population centres letting signs proliferate.

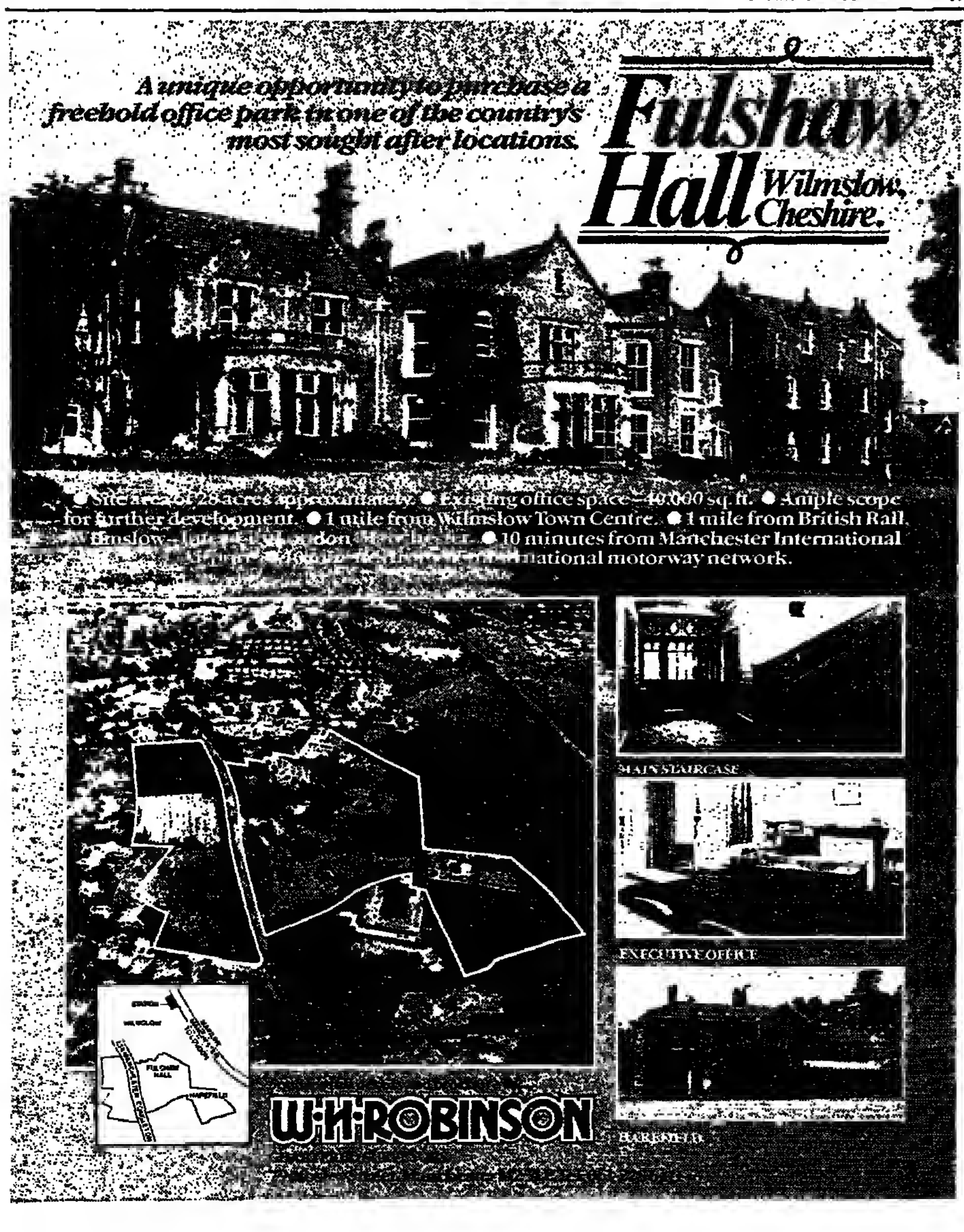
On the other hand, the £6 barrier has been comfortably broken and one or two principal developments that have been hanging rather like *dead weights* in the market bave seen their first tenants.

Bernard Thorpe's annual property report says there is now a dual market in parts of the conurbation with considerable interest in new developments in marked contrast to the paucity of *inquiries for other types of* property.

Areas to the south of Manchester, and with lower rates than the city are still proving popular. One chartered surveyor's report however says that last year, for the first time in recent years, *suburban Manchester has* attracted fewer lettings than the city centre.

Queen's Court in Manchester with 11,400 sq ft still remains empty but the 112,000 sq ft Heron House has attracted its first tenant—National Westminster Bank which is taking 15,000 sq ft of it.

Nick Garnett



PROPERTY IN THE NORTH WEST III

Projects such as the £1,000m development of the Morecambe Bay gasfield and the new enterprise zone planned for North East Lancashire, could provide much-needed boosts for the county's economic expansion

Potential springboards for short-term growth

LANCASHIRE

NEW TOWNS apart, the two main potential springboards to economic growth in Lancashire in the short-term are the £1,000m development of the Morecambe Bay gasfield by British Gas and the new enterprise zone to be based on North East Lancashire.

At the same time the embryonic Lancashire Enterprises, set up by the county council to spearhead its industrial and training initiative, is starting to make its presence felt. Identifiable a little further towards the horizon are several major projects, including redevelopment of the extensive and now defunct Preston docks complex.

Meanwhile, the accelerating decline of the Lancashire textile industry and closures and redundancies in other recession-hit industries have left the industrial North West generally with a formidable legacy of vacant industrial floorspace as well as substantial unemployment. Rent levels starting as low as 10p sq ft for ageing former multi-storey mills underline the scale of the problem.

Manchester agent W. H. Robinson has recently pointed out that in 1982 vacant mill properties plunged to record low values, with tenants invited to name their own terms and six-figure reverse premiums not unknown. Another Manchester agent, Dunlop Heywood, cited a recent auction sale in which three mills were sold for between 25p and 50p sq ft capital value for subsequent demolition, owner-occupation and break-up.

With private sector forward funding of speculative development muted, it has been left to English Industrial Estates to generate most activity in new industrial building in the region's assisted areas reinforced by a wide spread of local authorities involved in a variety of initiatives.

Expectations of spin-off benefits in the exploitation of Lancashire's sizeable offshore gas reserves—estimated at five trillion cubic feet—are lifting hopes in towns fringing Morecambe Bay. Last summer British Gas named its preferred locations for onshore support services, including Heysham as its base for production drilling and operations and Fleetwood for exploration drilling.

With its ability to offer 24-hour deepwater availability, Heysham's was the larger prize and this has been reflected in a quickening tempo of interest in industrial development in the area. Incoming tenants include several offshore-related subsidiaries of Aberdeen and Great Yarmouth companies.

In April English Industrial Estates will complete 32 beehive units at Caton Road, Lancaster (funded by Barclays Bank), where the city council has also purchased most of the former Lansil (British Celanese) site and is removing old buildings and putting in roads preparatory to offering freehold and leasehold industrial sites.

The council is also reclaiming part of the 290-acre site of the former refinery at Heysham which it bought from Shell and ICI for £1. Heysham is already the focus of nuclear power station investment of the Central Electricity Generating Board totalling around £2,000m.

EIE reports active interest in a 10,000 sq ft factory it has built on Lancaster's White Lund estate. It is also involved in discussions with Lancaster University about locating a small hi-tech development on the campus.

Fleetwood has built-in facilities to provide strong support for Heysham and can offer a good supply of modern industrial units. English Industrial Estates is building 36 small units in north Blackpool and a key 70-acre site—the largest available anywhere in Fylde—as the terminus of the M55 is shortly to be transferred to EIE under a development scheme initiated by Blackpool and Fylde councils. Meanwhile, Blackpool airport has been named helicopter support base for the Morecambe gasfield.

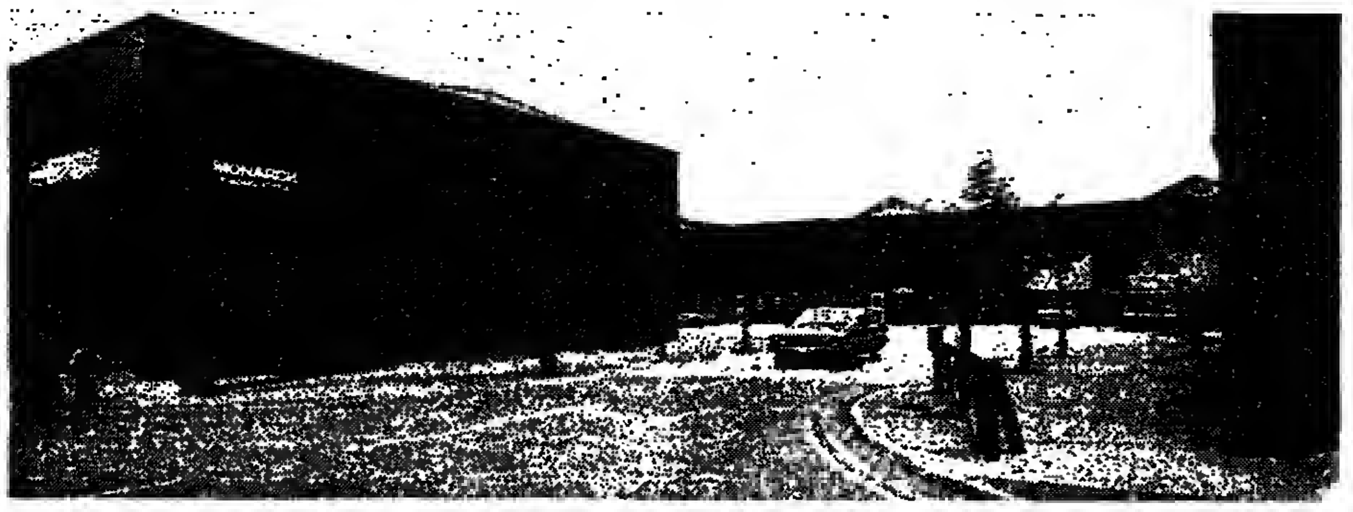
Before the end of its first year of operation Lancashire Enterprises has claimed the creation or saving of more than 2,000 jobs and members of the county council were told last month that through business promotion, building renovation and conversion, and training and research the organisation had provided "a welcome shot in the arm" for the county.

Lancashire's first enterprise zone is to be based on four adjacent authorities — Hyndburn, Burnley, Pendle and Rossendale—to form a single cohesive development spanning around 200 hectares. In terms of off-the-peg new buildings the sub-region has little to offer at present, but EIE is stepping up its involvement in the area.

At Accrington, construction of 27 small units is well under way, a 21,000 sq ft factory has just been completed at Blackburn, and EIE is involved in 17 advance units at Burnley.

In the past six years North East Lancashire Development Association has recorded a take-up exceeding 8m sq ft of industrial floorspace in its area, much of it in former mill premises doing little to brighten its environmental face but often seeming a blessing in disguise at a time when many companies are being forced to scrutinise overheads as never before.

Tom Heaney



The Monarch Trading Estate at Trafford Park, Manchester: built in 1979 by Estates Property Investment Company (EPIC) and situated in the Trafford Park Enterprise Zone, this 2½-acre development is notable for its distinctive styling and attractive courtyard layout. The ten units ranging in size from 3,800 sq ft to 8,000 sq ft and totalling 55,000 sq ft in area, are fully let

Enterprise zone sparks interest

CUMBRIA

NEW industrial construction in West Cumbria, where the coastal strip between Millom and Silloth has development area status, is concentrated largely on small units being built by English Industrial Estates.

The recent announcement that Cumbria's first enterprise zone is to be based on Workington has given a fillip to the area and "a lot of interest" is reported in a 14-unit workshop development, already pre-let, which EIE is currently completing at Clay Flatts, Workington. Rents work out at £25 a week for 500 sq ft and £45 for 950 sq ft. At Barrow, the asking rent for modern terraced units of around 3,000 sq ft is £1.50 sq ft.

West Cumbria has traditional estates on well-established sites at Lillyhall, Workington, Cleator Moor and Maryport as well as at Barrow. This year EIE plans a start on a small hi-tech development at Cockermouth and new workshop schemes at Whitehaven and Barrow. It is also poised to make a sizeable investment in the new enterprise zone at Workington and Maryport.

These, along with Development Commission work in rural areas, mean that starts on EIE projects costing more than £2.75m are in the pipeline for Cumbria over the next 12 months. Cumbria County Council is looking at the possibility of setting up a chemical industry park in West Cumbria.

Projects aimed at revitalising job projects in rural areas of depopulation have been completed and are largely occupied at Appleby, Tebay, Ambleside, Brough, Longtown, Brampton, Millom, Cark, Flookburgh, Wigton and Kirkby Stephen. A further 29 sites are being investigated and over the next three to four years 89 more units are planned for rural locations. Altogether EIE can claim a portfolio of well over 2m sq ft in the county ranging in unit sizes from 500 to 100,000 sq ft.

Although the emphasis of new industrial construction is on nursery-scale developments, Cumbria is also at the centre of some very large capital schemes. The biggest is the ambitious plan of British Nuclear Fuels to invest £2,000m over the next 10 years at its reprocessing plant at Sellafield on the West Cumbrian coast. At Barrow, the planning go-ahead has been given to Vickers for phase two of a covered shipbuilding facility costing £180m. Funding has yet to be agreed.

Barrow also fills a key role in the £1,000m Morecambe Bay gasfield exploitation by British Gas. It is the site of the onshore reception terminal for supplies and the centre of most onshore work so far.

The 36-inch pipeline between the drilling area 25 miles out in the Irish Sea and the shore has been laid, the Walney Channel has been crossed to reach the reception terminal, and work is well advanced on the pipeline which will carry the Morecambe Bay gas to link up with the existing national transmission system at Lupton where it will be blended with north North Sea gas flowing southwards.

An estimated 150 of the 220 jobs generated by the construction stage of the onshore terminal at Barrow have gone to local people. Although permanent staff needed to run the terminal when it comes on stream will be relatively few the Furness area is optimistic the overall spin-off will be of continuing benefit to its economy and a stimulus to wider industrial development locally.

As part of the construction stage of the onshore terminal Barrow-based Vickers Engineering won a £1m-plus contract for a slug-catcher and British Gas estimated last summer that more than £1m had by then been spent on a large number of service and other contracts placed with firms in the Barrow area.

T.H.

Plans for hi-tech business parkland

CHESHIRE

ONE OF the more imaginative projects under discussion in Cheshire is the concept of a 130-acre hi-tech business parkland in the splendid Roman city of Chester, truly as remarkable a juxtaposition of AD-70 and late-20th century as might be conceived.

Sir Alfred McAlpine expects to win planning permission in principle soon for a scheme which envisages the creation of up to 2,000 jobs. Outline plans, according to McAlpine, offer the highest ratio of open space to commercial accommodation presently available in any comparable UK development.

Lakes, nature trails and recreational facilities would be incorporated in a development transforming "a somewhat bland and featureless stretch of terrain" alongside the city's southerly bypass.

Cheshire is also the home of heavy industry and the county is concerned with a threatened major decline in its sizeable chemical activity. A recent study diagnosed the causes as recession, spare capacity in existing plants elsewhere in the UK and Europe, a major shift in location of new primary chemical activities to Scotland and the North East influenced by North Sea gas and oil, and lack of suitable and available sites for even the limited growth which the North West's chemical industry generally might expect.

The moral pointed by the study was that more potentially suitable sites should be identified—the possibility of major new petrochemical complexes spreading themselves over 2,000 acres is discounted, but a need for small to medium-sized sites in the 100-200-acre band is not ruled out—and that further development should be encouraged.

The Burmah refinery is no more, but both UKF and Shell

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PROPERTY IN THE NORTH WEST IV

There are conflicting views on the prospects for the new towns of the region, as Nick Garnett reports

THE FAILURE of the economy to move out of recession has continued to bring into prominence the voices at each end of the opinion divide on the activities of the special development corporations.

Some say they have provided the few centres of employment stability and even growth. For others — including those whose job it is to attract new companies in traditional manufacturing areas with very high unemployment — they represent an almost "unfair" warping in the competitive market of employment creation.

There have also been some caustic comments about their performance. The development corporations say they "have done as well as can be expected in the present economic climate and, in some ways, better."

On the other side of the fence, the senior partner of one of the country's leading chartered surveyors, referring to one new town's performance this year, said that "if you take its advertising budget and all the goodies it can offer, *it's been very poor.*"

Last year brought a record number of signings for factory and office space in Warrington and Runcorn New Towns. Above: units at the Winwick Quay employment area of Warrington

Emphasis switched to smaller units

SKELMERSDALE

Skelmersdale received more inquiries about industrial property last year than in the previous two years

SKELMERSDALE Development Corporation began last year with 139 companies on its land, employing 7,170. By the end of the year it had 154 companies, though their total employment was lower at 7,050 jobs.

Such a net job loss of 1.7 per cent is not something the corporation shouts about, but Mr Tim Bradbury, the corporation's managing director, feels justified in saying that "in the prevailing economic climate, with the recession continuing to bite, it is no mean achievement to confine net job losses to 123."

The corporation let 32 factories, and some 23 companies set up operations in the town, but, against that, 16 companies suffered business failures.

The common experience of development corporation areas that factory closures generally involved larger premises was underlined by the Skelmersdale experience last year.

The small business sector was clearly the more active with the greatest proportion of lettings at 5,000 sq ft or less. Factories which were vacated averaged 9,000 sq ft as against average lettings of 4,000 sq ft.

It has continued its rolling building programme, but switched emphasis to smaller units. The amount of space available at Skelmersdale has obviously been rising, but the corporation declines to provide information on how much there is. Units range from workshops of less than 1,000 sq ft to one privately owned factory of 75,000 sq ft.

Weekly rents for the smallest workshops are in the £20 to £25 region, and rents for other properties are generally around £2 per sq ft.

Mr Bradbury says the corporation was encouraged by response from new businesses, but more particularly by the expansion of some established companies.

The corporation picks out two developments which have boosted confidence — opening of the Rodco copper casting plant by G. C. Pirelli and the purchase by Casual Sportswear of the 138,000 sq ft former Courtaulds hosiery premises.

The corporation says there were more inquiries last year than in the previous two years, and that the level of interest rose towards the end of the year.

Mr Bradbury, though, is not drawn on the issue of expansion — "available factory space does not mean jobs. The factory has to be occupied first, and letting factory space is a highly competitive business."

Aggressive marketing has paid off

WARRINGTON

THE PERFORMANCE of the development corporation covering the Warrington and Runcorn New Towns in Cheshire is a testimony both to aggressive marketing and to the problems of the recession.

On the one hand, 81 companies were recruited on to development corporation land last year and a further 32 companies already there moved into new premises—producing a record 113 factory and office signings.

Total new jobs numbered 1,640 as against a loss of 295, resulting from the closure of 23 companies.

At the same time, the Birchwood Science Park continued to represent one of the best new high technology niches in the North West. The final touches are being put to the new Science Boulevard site.

On the other hand the pressure of the recession has been very visible. The 658,000 sq ft total floorspace occupied last year compares with lettings of around 1m sq ft three years ago.

The corporation has also halted all new speculative development in an attempt to counteract the rise in vacant factory and warehouse space on its land though it may re-start soon.

Despite last year's lettings, the amount of vacant factory and warehouse space rose 100,000 sq ft last year to 600,000 sq ft.

The recent closure of Thames Board's Warrington Mill only emphasises the general imbalance in manufacturing areas like the North West between demand on one side and total *available property on the other.*

More than a half of vacant space on the market is in the middle 3,000 sq ft to 20,000 sq ft range and with the bulk of that below 10,000 sq ft.

Demand for the smallest units still appears to be strong and the corporation says the next speculative building is likely to be of units under 2,000 sq ft.

Rents in the medium range run to about £2 per sq ft and for a starter unit of around 1,000 sq ft a weekly rent would be about £50.

Range of accommodation re-inforced

CENTRAL LANCS.

THE Development Corporation for Central Lancashire is different to the North West's other two because it operates in a very large area—55 sq miles—including the three mature urban areas of Preston, Leyland and Chorley.

Last year, 378,000 sq ft of industrial space was let—a rise of 10 per cent over last year's performance—and 40 companies moved on to development corporation sites. This helped to maintain Central Lancashire's unemployment rate 4 percentage points below the North West average.

Despite a spate of units being vacated, there has been a net gain of more than ½m sq ft in units occupied over the past two years.

Even so, the amount of available space—currently standing at around 500,000 sq ft—continued to rise. A considerable number of developments which reinforce the range of accommodation on offer in the 500 to 30,000 sq ft band is now nearing completion and the corporation has only two major developments on hand—Chorley North and a site north of Preston.

The corporation is also engaged in considerable refurbishment and conversion work. This includes a former textile mill at Bamber Bridge, Preston—a project completed at the end of last year, with many workshop and nursery units already taken up. The corporation is still doing conversion work on the former Courtaulds Red Scar Works, near Preston, which incorporates more than 1m sq ft of buildings on 150 acres.

One success story the corporation points to is Bosal (UK), which built a 100,000 sq ft plant at Walton Summit five years ago and added a further 100,000 sq ft to that last year.

Rent for refurbished accommodation tends to run at just under £1 per sq ft to £1.75 and new property from £1.75 to £2.50. The corporation, though, is offering 12-month rent-free periods for companies taking up leases this year on standard factories.

More investment plans in Cheshire

CONTINUED FROM PREVIOUS PAGE

have shown their faith in Cheshire with annoucements of new investment. The county council has recently been involved in a public consultation exercise about future development on the Mersey Marshes, including the big Stanlow complex which supports 14,000 jobs and covers 2,500 acres. It is proposed to earmark 1,100 acres at Stanlow for future expansion.

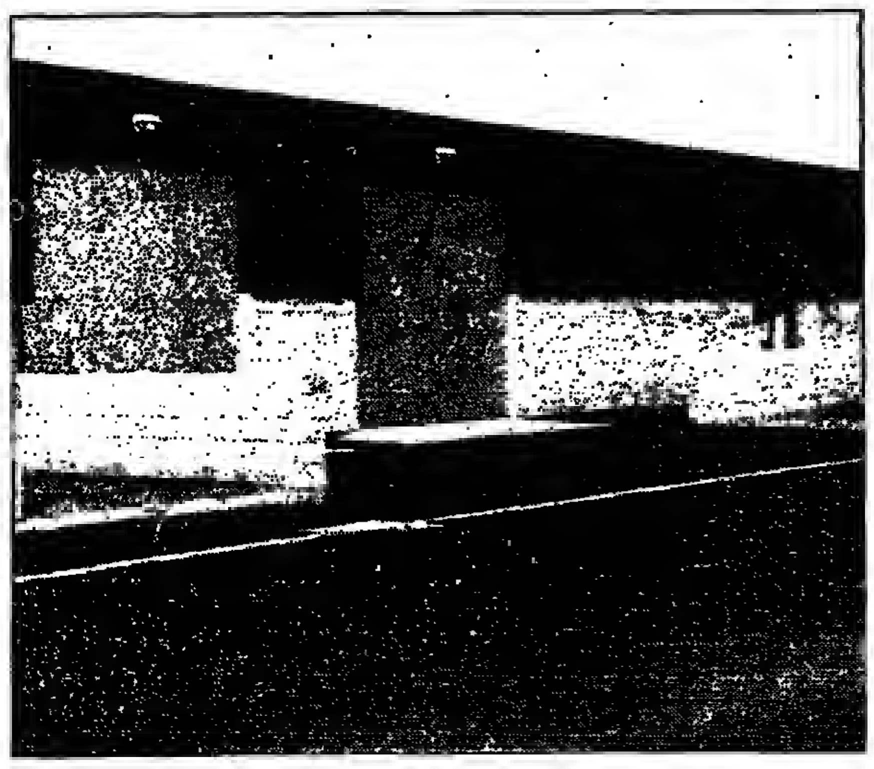
The council is in the process of revising its structure plan priorities in recognition of a shortage of land for industrial development in a number of towns. Proposed changes would in effect give over-riding priority to the generation of new job opportunities, even at the expense of new housing should the two demands conflict.

Top priority towns for public investment, reflecting the severity of unemployment, have been identified as Warrington, Runcorn, Widnes, Ellesmere Port, Neston, Chester and Winsford.

Winsford typifies—if not outmatches—the lengths to which towns are prepared to go to win new industry. Among industrial properties on offer is a factory of nearly 60,000 sq ft which comes with "luxury coach house" rent and rates free for a year and fully furnished down to colour TV, hi-fi, micro-wave oven, "superb antiques," wine cellar, and with master bedroom equipped with double bath, sun bed and rowing machine. All this plus a factory rental of just 50p per sq ft. Against tradition, the agents' sales brochure depicts a leggy, scantily dressed blonde on its front cover. She is apparently not included in the package.

On a more workaday level, Winsford is offering mini-units on its new Hartford Business Centre site at rentals of £27 a week for 600 sq ft and £45.25 a week for 1,000. Many were reserved before building started last October.

New developments at Crewe include 13 1,000 sq ft units by Cobden Commercial Properties at Crewe Gates Farm estate and 70,000 sq ft of units by Commercial Union Properties. Unit sizes range from 8,000 to 40,000 sq ft with rents averaging about £2 per sq ft.



THE ARTS

Opera and Ballet

Arts Week

F	S	Su	M	Tu	W	Th
11	12	13	14	15	16	17

WEST GERMANY

Berlin Deutsche Oper: the week starts with Mozart's Idomeneo featuring Edda Moser and Hermann Winkler, followed by Boris Godunov produced by Rudolf Sellner with Sieglinde Wagner and Martti Talvela in the main roles. Herbert von Karajan conducts Der Troubadour with an all Italian cast. Don Giovanni is a delightful revival, and Der Wildschütz closes the week.

Hamburg Opera: Johann Christian Bach's Amadis – which has been rediscovered after 200 years – has its premiere here this season, produced by Marco Arturo Marelli and conducted by Helmut Billing with Doris Soffel and Helen Donath. Also this week Hoffmann's Erzählungen with Neil Shicoff in the title role. The praised production of Der Rosenkavalier with Brigitte Fassbaender and Helen Donath continues, and Der Troubadour brings together Julia Varady and Sherill Milnes.

Cologne Opera: This week's highlight is Der Troubadour with Raina Kabaivanska, Eva Randova and Juan Lloveras.

Frankfurt Opera: Eugenia Moldoveanu starts in La Traviata, and Rigoletto has guest singer Ingvar Wixell in the title role. William Workman and Judith Beckmann sing in The Marriage of Figaro.

Stuttgart Württembergisches Staatstheater: There is the premiere of a new production of Alban Berg's Wozzek by Harry Kupfer, with Leslie Guinn. Karan Armstrong takes the title role in Tosca, and Manon Lescaut completes the programme.

Munich Bayerische Staatsoper: Werner Egk's Peer Gynt production by Kurt Horres has Hermann Becht in the title role. To commemorate the centenary of Wagner's death the Bavarian State Opera is performing his complete works for the first time. This week they are doing Die Meistersinger von Nürnberg with Hannelore Bode and Martti Salminen. Other performances are Cosi fan tutte and Rigoletto.

Berlin Opera: World premiere of Tutuguri, danced to music by Wolfgang Rihm and choreographed by Moses Pendleton, who also is one of the leading dancers.

PARIS

La Traviata conducted by Alain Lombard with Wilhelmenia Fernandez alternating with Andrea Esposito in the role of Violetta and Alberto Cupido in the role of Alfredo. Opera Comique (296 0611).

Fledermaus – a controversial production with music-hall elements – conducted by Ralf Weikert with Gino Guillon, Ileana Cotrubas, Janet Perry and Siegfried Jerusalem alternating with Alan Titus, Barbara Daniels, Norma Burrowes and Neil Rosshein, and Figaro's Hochzeit conducted by Ralf Weikert with Margaret Price/Ruth Falcon and Jose Van Dam. Paris Opera (742 5750).

The Sleeping Beauty danced by the stars and the ballet corps of the Paris Opera with Rudolph Nureyev as guest dancer. Choreography by Rosella Hightower after Marius Petipa. Palais des Congres (758 1458).

BRUSSELS

Cirque Royale Karmen Larumba Contemporary Ballet (Wed, Thur).

LONDON

Royal Opera, Covent Garden: Die Zauberflöte, in August Everding's jokey but not uninteresting production, returns with a cast of leading Mozartians (Lucia Popp, Stuart Burrows, Hermann Prey) and Colin Davis as conductor. Sir Colin also conducts, with splendid vivacity, the current successful Carmen revival, in which Agnes Baltsa and Jose Carreras bring fresh insights to much-played roles. Yvonne Kenny takes over as Micaela.

English National Opera, Coliseum: a new production of Dvorak's Rusalka, a lovely and lovable work not seen in London for some years, has Eilene Hannan in the title role, and the conductor-producer team of Mark Elder and David Pountney of the ENO's recent grotesquely travestied Queen of Spades. Further performances of Il trovatore, with Rita Hunter not quite her former vocal self but still grandly impressive, and of Rossini's Cinderella, with the delightful and vocally brilliant Della Jones.

Royal Opera House, Covent Garden: the Royal Ballet plays its Ashton triple bill on Saturday, and its MacMillan triple bill on Wednesday.

Sadler's Wells, Rosebery Avenue: Ballet Rambert presents a new programme every evening from Saturday till Wednesday, and then changes to the Bruce 'Berlin' Requiem and Paul Taylor's Airs on Thursday.

VIENNA

Staatsoper (5324/2655): Il trovatore, Don Pasquale, and Der Barbier von Sevilla in repertory; on Sunday there will be the premiere of a new production of Rigoletto, conducted by Riccardo Muti and produced by Sandro Sequi. Designed by Pantelis Dessyllas, the cast includes Edita Gruberova, Renato Bruson, Veriano Luchetti and Peter Wimberger.

Volksoper (5324/2657): Der Graf von Luxemburg, Das Feuerwerk, Die Entführung aus dem Serail in repertory. On Tuesday there will be a new production of the ballet Giselle, choreographed by Alicia Alonso and designed by Georges Wakhewitsch.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): The first seasonal performance of Die Walkure, conducted by Silvio Varviso based on Herbert von Karajan's production, with sets by Gunther Schneider-Siemssen with Gwyneth Jones, Hildegard Behrens and Manfred Jung this week joins performances of Don Carlo, Der Rosenkavalier and Madama Butterfly. (580 9830).

The Hamburg Ballet (Brooklyn Academy of Music, 30 Lafayette Av): Known as Germany's "enfant terrible" artistic director and choreographer John Neumeier's company opens its fortnight's visit with A Midsummer Night's Dream, done to Mendelssohn and Ligetti. (636 4100).

Merce Cunningham Dance Company (City Center, 55th e. of 7th Av): Now a modern classic, Cunningham brings ten familiar and one premiere to this short but rewarding season. (581 7907).

Exhibitions

LONDON

Tate Gallery: Peter Blake – a full retrospective of the work of Peter Blake, founding father of British Pop almost before he left the Royal College in the middle fifties, with his obsessive anthologies of everyday bric-a-brac, small boys off to the pictures with their painted ties and myriad badges, and his Circus Ladies, all tinsel and tatoo. Then came the film and pop stars, the wrestlers and strippers of the sixties, then Alice in Wonderland and Titania and her Fairy Court in the seventies. The work is always fascinating, often lively and beautiful, as often unresolved and tentative. Ends March 20

PARIS

Giorgio de Chirico: Beaubourg is showing some 100 paintings and 40 drawings by De Chirico, including the most important ensemble of his metaphysical work ever. Centre Georges Pompidou, Grande Galerie, 5th floor. (277 1112). Closed Tue. Ends April 25

The Hague School of painting: 160 oils and watercolours by 19th century Dutch artists depict mostly the sea and the seashore in a poetical mood or genre scenes and culminate gloriously with the beginnings of Van Gogh and Mondrian. The exhibition will go on to London and The Hague. Grand Palais, closed Tue. Ends March 28 (261 5410)

WEST GERMANY

Bremen, Kunsthalle, 207 Am Wall. Drawings, water colours and pastels by the 'Nabis' and the 'Fauves', two French groups of artists from between 1890 and 1920. Ends April 10.

Hamburg, Kunsthalle, 1 Glockengiesserwall: Portraits from Martin Luther's times. Ends April 24.

The Meeting or Have A Nice Day, Mr Hockney from the Peter Blake exhibition at London's Tate Gallery

Bonn, Städtisches Kunstmuseum, 7 Rathausgasse: 140 works by Paul Klee, August Macke and Louis Moilliet from a Tunisian trip which the three took together shortly before the First World War. Ends April 24.

Cologne, Kunsthalle, 1 Josef Haubrich Hof. Georges Rouault – 250 paintings, water colours, gouaches and graphics. Ends May 8.

Mannheim, Kunstverein, 38 Augusta Anlage: the only German venue of a roving exhibition with sculptures and paintings by Henry Moore, a British artist. Ends March 27.

BRUSSELS

From Worth to Chanel: clothes, drawings, objects d'art, prints etc from the Belle Epoque to the Twenties. Musée de la Costume et de la Dentelle. **Printmakers from the Atelier Aghib:** British Council (ends March 18).

VIENNA

Secession: Arik Brauer retrospective including oil paintings, gouaches, Tapestries, sculptures and jewellery.

Museum des 20. Jahrhunderts: Painters of the American West and circles of the world. Art and culture from the world of the Red Indians. (End March 13)

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

Diplomatic Relations between the Netherlands and the U.S. are celebrated in From New Amsterdam to New York, a collection of letters, paintings, diaries and photographs reflecting life in early New York. Amsterdam Historisch Museum. Ends April 4.

Dutch contemporary artists, selected by Albert Waalkens. Museum Boymans-van-Beuningen, Rotterdam. Ends April 4.

NEW YORK

Metropolitan Museum of Art: Those overwhelmed by the sheer volume of art at the Vatican will much appreciate the present loan of 230 choice pieces, including the Apollo Belvedere, Caravaggio's The Deposition and even modern pieces by Matisse in what the museum is calling its show of a decade. Ends June 12

Asia Society: The Silk Route and the Diamond Path follows the spread of culture and wealth in Buddhist art from the 7th to the 17th centuries, with works in all media borrowed from the British Museum, the Cleveland Museum and Los Angeles. Ends April 3.

National Academy of Design: 48 paintings by the likes of Caravaggio, Evaristo Baschenis and Luca Forte prove that Italy had a still-life tradition as varied, if not as deep, as northern Europe in the baroque era. Ends March 13.

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotte, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 80 large works in welded metal included in the exhibit. Ends April 24. (737 2700)

Corcoran Gallery: The latest in the Corcoran's Biennials, a tradition going back to 1907, concentrates on regional artists of the American west with 30 living painters represented by 108 works. Ends April 3.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Kliun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

Music

PARIS

Badura-Skoda with duo Nadine Palmier and Joel Rigal: Mozart (Mon 6.30); Pinchas Zukerman, Marc Neikrug, piano: Beethoven, Dvorak, Schumann, Bartok (Mon, 8.30) both concerts TMP-Chatelet (261 1983).

Colonne Orchestra conducted by Claude Bardon, Cristian Ortiz, piano, Colonne Orchestra Choir conducted by Jean Sourisse: Falla, Debussy, Ravel (Mon) Salle Pleyel (563 8873).

Cathy Berberian recital, Carlo Levi-Minzi, piano: a vocal panorama (Mon) Theatre de l'Athenee (742 6727).

WEST GERMANY

Berlin Philharmonie: The Berlin Philharmonic under Daniel Barenboim; Wagner and Bruckner's Symphony No 5 (Sat, Sun).

Frankfurt Alte Oper: Pinchas Zukerman, violin, Marc Neikrug, piano; Schubert (Thur).

Munich Herkulessaal Der Residenz: Gundula Janowitz lieder recital: Brahms, Schumann (Fri), Alban Berg Quartet: Mozart, Bartok, Beethoven (Sat).

VIENNA

Musikverein (65 81 90): Vienna Symphony Orchestra; the Singverein Choir and soloists Peter Schreier, Robert Holl, Alison Hargan and Margarita Lilowa performing Bruckner's 9th and Te Deum, conducted by Lovro von Matacic (Sat and Sun). Orpheus Chamber Orchestra New York: Rossini, Stravinsky, Mozart, Brahms (Tues). Tom Krause lieder recital, piano Irwin Gage: Strauss, Sibelius, Ravel, Mahler (Thur).

Konzerthaus (72 12 11): Radu Lupu piano recital: Schubert, Schumann (Mon). Vienna Symphony Orchestra, Shostakovich Symphony No 4 and Beethoven piano concert No 4 with soloist Radu Lupu (Thur).

BRUSSELS

Theatre Royal de la Monnaie: National Opera Orchestra conducted by Pierre Bartholomee with Gilbert Zanlonghi, cello, Carola Farley soprano and Peter Gottlieb, baritone; programme includes the premiere of the final duo of the 1st act of Bossmans' "La Passion de Gilles" (Sat).

Palais des Beaux Arts: Gala evening to aid of the Belgian Multiple Sclerosis League with the appearance of 6 pianists and 4 violinists conducted by Rudy Werthen: Mozart, Vivaldi, Rachmaninov (Mon). Festival Strings of Lucerne directed by Rudolf Baumgartner with Peter Leisegang, cello; Corelli, Purcell, Boccherini, Mozart (Wed). Christopher Eschenbach and Justus Frantz, piano – Brahms's complete works for four hands and two pianos (Thur).

ZURICH

Tonhalle: Kemal Akcag violin, Ahmet Ediz viola and Boris Mersson piano playing chamber music by Beethoven, Handel and Brahms (Mon). Werner Baertschi; Beethoven (Tue). Toronto Symphony Orchestra conducted by Andrew Davis playing Gellman (overture) and Mendelssohn G minor piano concerto with Andre Laplante (Wed). Pro Arte Quintet playing chamber music by Rosini, Jolivet, Ligeti and Nielsen (Thur).

LONDON

Philharmonia Orchestra conducted by Neville Marriner with soloists Norma Burrowes and Ann Murray playing excerpts from Mendelssohn's A Midsummer Night's Dream and Holst's The Planets. Royal Festival Hall (Tue) (928 3191).

London Symphony Orchestra conducted by Claudio Abbado with Rudolf Serkin, piano, and soloists Margaret Price, Elizabeth Harwood, Dennis O'Neill and Paul Plishka; Mozart Piano Concerto No 25 and Waisenhausmesse. Barbican (Tue 6.30) (638 8891).

NEW YORK

New York Philharmonic (Avery Fisher Hall, Lincoln Center): Christoph von Dohnanyi conducting. Haydn, Henze, Dvorak (Tue); Rafael Kubelik conducting, Alicia de Larrochia piano, Mozart, Beethoven programme (Thur). (874 2424).

Carnegie Hall: Cincinnati Symphony, Michael Gielen conducting. Crumb, Bruckner (Mon); National Orchestra of New York, Mehli Mehta conducting, David Bar-Illan piano. Wagner, Stokowski, Beethoven, Mussorgsky-Stokowski (Tue); Dresden Staatskapelle, Herbert Blomstedt conducting, Zimmerman, Strauss, Beethoven (Wed); Prague Chamber Orchestra, Boris Krajny piano. Mozart, Ceremuga, Mendelssohn, Honegger, Martinu, Haydn (Thur) (247 4759).

WASHINGTON

National Symphony (Concert Hall, Kennedy Center): Mstislav Rostropovich conducting, Walter Klein piano, Galina Vishnevskaya soprano, World premiere of Ezra Laderman: Symphony No. 5 ("Isaiah"), Foote, Mozart (Tue, Wed, Thur). (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting. Webern, Brahms, Martinu, Bach. (435 8122)

Theatre

NEW YORK

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

The Misanthrope (Circle in the Square): A witty translation by Richard Wilbur challenges an excellent cast to handle rhyme as dialogue which they ably do, led by Brian Bedford, supported by Stephen D. Newman, director Stephen Porter and especially costumer Ann Roth. (581 1346)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo. (541 8394)

WASHINGTON

Screenplay (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politician recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

CHICAGO

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru to the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable potpourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love to characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

VIENNA

Vienna's English Theatre (421 260): Arsenic and Old Lace (daily except Sun)

Theater an der Wien (579 832): Anatevka (daily except Mon)

Cinema/Nigel Andrews

That old Macmagic

Local Hero
The World According To Garp
One Man's War
Kuhle Wampe

Bill Forsyth's *Local Hero* is one of those Scottish-set films — like Michael Powell's *I Know Where I'm Going* or Alexander Mackendrick's *The Maggie*—where sensible southerly Anglo-Saxons go clinically mystical or polymorphously possessed once they cross Hadrian's Wall. The hero of Forsyth's film (Peter Riegert), a young Texas oil-company executive who's been catapulted to Scotland by his boss Burt Lancaster to buy up a little fishing village where a refinery is planned, even encounters on his drive north from London an impenetrable mist: a spiritual cattle-dip, as 'twere, to cleanse all newcomers of commonsense.

Once he's reached the village, Celtic mysteries start sprouting around him like midnight mushrooms. An unknown motorcyclist roars through the main street at dead of night. The locals munt and grutter with sage mystery in the pub. The village spokesperson is handsome, poker-faced Gordon (Denis Lawson), who coolly quadruples as hotelier, solicitor, waiter and spouse of the comely Stella (Jennifer Black). And there's also a beautiful oceanographer called Marina (Jenny Seagrove) who is discovered, during an alarming bout of love-play, to have webbed toes.

Those with sentient nostrils will here scent symbolism. Stella and Marina — Star and Sea — embody two poles of the natural world and the lure of their siren call. And since whenever our hero telephones Texas, with many a 10p piece from the quayside booth, far-off Burt Lancaster seems more interested in hearing about the wonders of Aurora Borealis than the progress of the deal, it's clear that Scotland is weaving its old black magic even across the Atlantic. How can brute industrial materialism possibly succeed in exploiting an enchanted land?

Local Hero is at once the most subtle and intricate and the most frustrating of Forsyth's films. It's gratifyingly more Byzantine than *That Sinking Feeling* or *Gregory's Girl*, and the superb Texas scenes show that Forsythia Dementiana can blithely leap the ocean and waft its seeds into alien accents and settings. Who could resist tycoon-cum-stargazer Lancaster; alternately snoring through board meetings, ogling his private planetarium (his office ceiling just slides back) and being terrorised by his psychoanalyst—who pops up in all guises, including a windowcleaner's, to test Lancaster's self-esteem with a stream of fortissimo abuse?

Fulton Mackay in "Local Hero"

But in Scotland itself the pace becomes not so much mystical-hypnotic as just snail's-pace slow. Our American-abroad hero might have been a funny and bewildered deracinated Everyman. But as played by gnomic and long-faced Peter Riegert, he's a hole in the screen. And some sequences and characters seem to have stuck in the movie like otiose barnacles. The Russian fisherman who pops up enigmatically in the village for a scene or two ("Guess I'm just a rrrolling stone") must have come from a red-herring trawler; for he has no discernible purpose in either the plot or the allegorical scheme.

The film freshens up at last when Lancaster helicopters in ("Good sky you've got here, McIntyre" he tells Riegert; "Well done") and sets about trying to rescue both the deal and the movie. But by then it's already clear that a thumbnail verdict on *Local Hero* is impossible. It's both a sterling advance and a perplexing hiccup in Forsyth's career—making it another Scottish mystery that no Sassenach can unravel.

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When I read John Irving's *The World According To Garp*, it went in one eye and out the other. The novel's closing chapters are high-yield tear-jerkers, just as its early ones are zanily funny; but when you put the book down it vanishes cleanly and completely from your mind. The film, scripted by Steve (*Breaking Away*) Tesich and directed by George Roy (*The Sting*) Hill, is a high-fidelity clone. It plunders a laugh and a tear and a gasp and a sigh, and then leaves in an instant like a thief

"Garp" (Robin Williams) is the son of crusading unmarried feminist nurse Jenny Fields (Glenn Close), who conceived him with the unwitting help of a comatose dying gunner-sergeant's last stand. This battily-begotten baby is duly fitted out with a fairly eccentric life, and we watch it from cradle to mid-life crisis and beyond. Garp writes serious low-selling fiction (while his Mum sells millions with her autobiography), marries his wrestling coach's pretty daughter (Mary Beth Hurt), has a tragic car accident *en famille* after a love quarrel, and ends up befriending the halt, the lame, the tongueless (self-mutilating feminists) and the transsexual (John Lithgow as a busty ex-footballer) in the seaside home-for-women which his mother runs and where he recuperates with wife and off-spring. As the novel says at its close, ungainsayably; "In the world according to Garp we are all terminal cases."

The book is an assault-course of the surreally comic and the barnstormingly poignant, whose sheer anecdotal verve gives it (at least during perusal) an illusion of movement and purpose. In the movie, Tesich and Hill pasteup the high points as in a scrapbook and keep the pages swiftly turning. They also insert some fun and games all their own: Hume Cronyn and Jessica Tandy as Nurse Jenny's stiff-upper-crust parents ("Don't you dare say sperm in this house!"); a titile trick photography with baby Garp's self-animating picture-book; and a forty-carat set-piece gag when an aeroplane crashes in to the dream-home Garp and wife are standing outside, wondering whether to buy. Garp instantly decides yes. "The chances of another plane hitting our house are astronomical."

But like the novel, the film's built-in obsolescence is awesome. It leaps straight out of your mind, heart and soul at curtain-time, leaving not a wrack behind. For all the fashionable eruptions of topicality—Women's Lib, unmarried mothers, *hausfrau* fathers (Garp cooks and cleans while wife schoolteaches), sexual freedom and surgical transformation—it seems an odyssey without any unifying theme or final destination. It takes you out of yourself for two hours and then puts you right back, scarcely aware that any trip has taken place at all.

*

Edgardo Cozarinsky's *One Man's War* gives us Paris under the Nazis. It's a documentary of superlative scissor-work and research, interlacing newsreels and other footage of the time and reading out on the sound-track the diaries of Ernst Junger: a Nazi officer possessed of a fine prose style and the kind of blinkered half-decency that sometimes seems even more dismaying than rank cruelty.

Cozarinsky, a Jewish Argentinian who lives in Paris, brings an outsider's irony and curiosity to his task. It's funny to see the fashion mannequins parading with never-say-die simper, as if there were no war raging beyond the poplared confines of the Ile de France. But Cozarinsky also reminds us that French collaboration went further and deeper than mere stoical or *toujours gai* non-resistance. Hundreds of thousands of Frenchmen trooped off by rail to work for the war effort in Germany, and the Petain government was never-wavering in its support for Herr Adolf. The film is a dark, cautionary and brilliantly told tale.

Another cautionary monument to Germany past is *Kuhle Wampe* (1931), directed by Bulgarian Slatan Dudow from a script by B. Brecht. Two years before Hitler, left-wing consciousness dawns in a "holiday camp" for the unemployed outside Berlin. This rude chunk of *al fresco* agitprop has its bacon saved only by a hindsight comparison with the worser swineries to come. But it still makes a fascinating trotter-note to history; with music by the egregious Hanns Eisler and photography by top German Expresionist Gunter Krampf (of *Nosferatu*).

Q—The Winged Serpent, an amiably potty monster film, flies into London this week. I shall review it, with more space, next week.

David Wilson-Johnson/Wigmore Hall

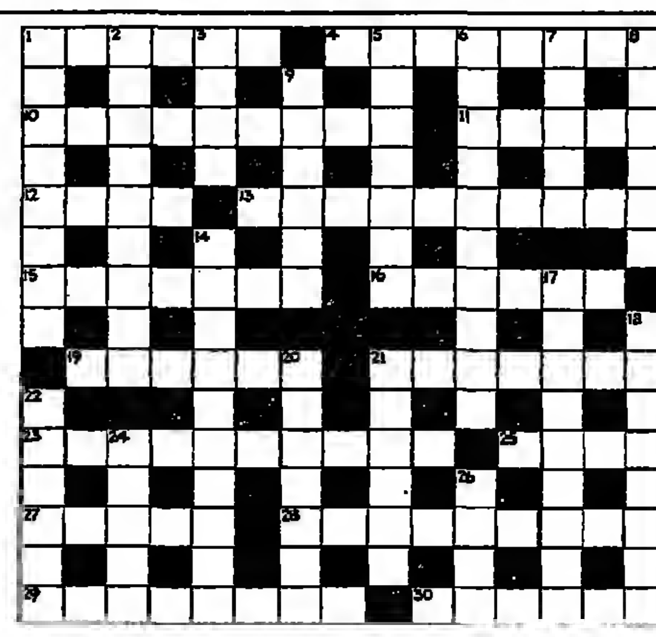
Andrew Clements

With the assistance of the pianist David Owen Norris and the Coull String Quartet, the young baritone David Wilson-Johnson was scheduled to present an enterprising selection of English song at the Wigmore Hall on Wednesday night. Yet plans went awry, and the programme that we heard became an uncomfortable mishmash: the addition of two tributes to Walton, his setting of "Under the Greenwood Tree" and the slow movement of the A minor quartet, did nothing to leaven the stodge.

It was a programme that lacked a centre; almost everything was dispensable. On its own account the Coull Quartet contributed Arthur Bliss's first string quartet, faceless and uneventful, and joined Mr Wilson-Johnson for a dour account of Samuel Barber's *Dover Beach*. That elsewhere the sterling quality of the singer's musicianship was always apparent was a tribute more to his class than to his ability as a programme planner. A group of Brahms, the six songs Op. 86, betrayed that it was a late addition; for once Wilson-Johnson seemed unsettled, and Mr Owen Norris's accompaniments lost their poise.

But in four songs by Elgar, which veered between rabble-rousing and pure saccharine, and six by Peter Warlock singer and pianist made an impressive package. Warlock's "Yarmouth Fair" seems to be Mr Wilson Johnson's party piece; his comic timing was faultless and his ability to buttonhole the audience quite exceptional. In *Dover Beach* his ability to convey sense within beautifully moulded phrases cut across the grain of a basically stolid approach; altogether there was scarcely an ugly vocal sound in the entire evening. To close, forces were combined for a Tippett oddity. *Music*, a setting of Shelley from 1960, was written for the jubilee of the East Sussex and West Kent Choral Festival. The date places it with *King Priam*, but it is a short ABA song of few pretensions though some convincing Tippettian fingerprints.

F.T. CROSSWORD PUZZLE No. 5,119



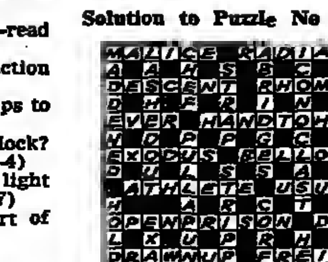
ACROSS

1 Bear's sound's horrible (6)
4 Not bear's look? Good shot! (5-3)
10 A fever: find somewhere to sleep under the rafters, do you hear? (9)
11 Extra power to jeer at a saint (5)
12 Boss man gets commercial (4)
13 Paying no respect to river turning East, there's something else to pay (10)
15 Officer, if on duty, or his attendant—neat! (7)
16 Confirm return of worthy in the light (6)
19 Nip in the bud? (of whisky?) (6)
21 Carouse used to be spread of canvas (7)
23 Liking, not wholeness? (10)
25 Old woman's home—she has nothing inside (4)
27 Box, maybe, and play safe? (5)
28 Destination the end of the river, where the keeper is (4-5)
29 Number of old address for Georges? (8)
30 Discover like a pig—dinner-time! (4, 2)

DOWN

1 Young female robin? (8)
2 Like the sagas, between 1 and 100 there's a lot of flower (9)
3 The soul of France is crippled (4)
5 Uncle Arthur's day off? It isn't apparent (7)
6 Catalogue includes one actor called Jeremy, who wrote the words (10)
7 It's all right in a woman to call out (5)
8 Sort of agent whose duty is also death (6)
9 Strongly built is right—read about it (6)
14 Ten stripes for attraction (10)
17 Gaudy tulip, maybe, helps to get the picture (5, 4)
18 Piece of old Tory block? Should be reliable! (4-4)
20 Intelligence on ring of light—it goes with quartz (7)
21 Intelligence on the start of 20 as well (6)
22 Result of lob? (6)
24 Strode out to show cowboy's skills (5)
26 Sheikh who turns up in old poem? (4)

Solution to Puzzle No 5,118



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A corrective from Gatt

THE GATT secretariat's first retrospective glance at 1982, a year in which world trade volume declined by an estimated 2 per cent, could hardly have been expected to be eheerful. But its gloomy prognosis for the impending economic recovery is quite another matter.

The secretariat has genuine doubts about how far the monetary stimulus that began last summer will be translated into output rather than prices. It also makes an implicit assertion that the building blocks for sustained non-inflationary recovery in output and employment are far from being in place.

Seen from Geneva, the signs of an upturn in the construction and consumer sectors look real enough. The Gatt economists also draw some comfort from the recent change in the relationship between real wages and real interest rates: the disappearance of negative rates should help whittle down the existing bias in favour of labour-saving investment.

Their worry is rather that the focus of policy is both too short-term, and too heavily weighted towards macro-economic stimulus, to make the best of the opportunity which this cyclical upturn presents.

Backlog

In a thinly veiled critique of recent American and British policy the secretariat argues that both demand management and monetarist policies have been a soft option for politicians; they appear to remove the obligation to confront the special interest groups that put a brake on micro-economic change. The outcome is that relative prices have become less flexible, market signals are weak or unintelligible and investment, both in plant and machinery and in labour skills, fails to respond adequately to changes in demand.

The result of these distortions is that a backlog of structural adjustment has built up. Attempts to escape from recession via expansionary policies have thus increased inflation as recovery has run into supply bottlenecks; and excessive reliance on restrictive monetary policies, without accompanying micro-economic reform to loosen the price structure, have curbed inflation at a high cost in unemployment and lost output.

As for the debt crisis, the worry is that too much emphasis is being placed on increasing debt servicing capacity by reducing the level of demand—a policy that will be counter-productive for both debtor and creditor in the longer run. Few are prepared to face up to the need for more fundamental domestic policy reforms in the debtor countries, complemented by more liberal trade policy in the creditor countries.

Reforms

The Gatt analysis is perhaps too narrowly confined to those constraints on investment that stem from the baroque panoply of trade restrictions, subsidies and other politicised forms of pricing. Investment decisions can also be affected by prices that are the very opposite of inflexible, most notably in the foreign exchange markets where volatile currency movements can wreck the investor's assumptions about relative costs in no time. The uncertainty over oil, which bears crucially on so many investment decisions, also deserves greater emphasis.

Indeed, much of the appeal of protectionism today lies in its proponents' claim that it can help stabilise conditions in an otherwise dangerously uncertain world.

It follows that the key Gatt policy prescriptions for the world economy and the debt crisis—budgetary reform and trade policy reform directed towards rehabilitating the price system—are not, in themselves, enough. Moves towards currency stabilisation and continuing efforts to promote investment in non-Opec energy sources are a precondition of lasting recovery.

Together these proposals represent an ambitious prospectus for the Williamsburg summit in May. But a meeting of minds at Williamsburg is only the first step. The assault on the micro-economic distortions singled out by Gatt calls for the greatest effort of political will on the part of national governments.

How to raise steel costs

WHEN politicians override commercial decisions, the results are likely to be expensive. That is the message from the report published yesterday by the House of Commons Trade and Industry Committee on the British Steel Corporation.

British Steel has five large integrated works, including three strip mills, one of which is at Ravenscraig in Scotland. When the committee asked Mr Ian MacGregor, chairman of BSC, how much excess capacity he had on the strip mill side of the business, he replied "about two strip mills." Yet last December Mr Patrick Jenkin, Secretary of State for Industry, instructed Mr MacGregor to keep Ravenscraig open.

The committee took the view this this was a political rather than an economic decision. Members were not impressed by Mr Jenkin's attempts to justify the instruction on economic grounds. They regarded Mr MacGregor's assessment of likely trends in demand—not much change in annual steel requirements for the foreseeable future—as more realistic than those of the Secretary of State.

Penalty

BSC's installed capacity in 1982-83 is 21.2m tonnes of liquid steel per annum, while manned capacity is 15.2m tonnes and production is expected to be only 11.8m tonnes. In other words 44 per cent of installed capacity is standing idle. The only sensible course, given the outlook for demand, is to concentrate production on fewer sites. The committee estimates that the Ravenscraig decision will add more than £10 to the cost of each tonne of finished steel sold, before taking into account the effects of inflation in the future. Losses will be increased, or profits reduced, by about £100m a year.

Plants which might have been viable with the closure of one of the major sites will now suffer the penalty of having to bear costs per tonne of steel produced, as a result of lower plant-loading. Thus the Ravenscraig decision, whatever its short-term attractions from a narrow Scottish point of view, will have a direct impact on jobs in other plants. The higher costs will make it more difficult for BSC to win back home market share, let alone increase its exports.

It would be preferable, as the committee suggests, for the Government to finance directly the increased operating costs arising from the Ravenscraig decision since they result from a non-commercial obligation imposed on the Corporation. Mr MacGregor, not surprisingly, regarded that suggestion as somewhat academic. After all he, or his successor, has to live with the practical consequences of the decision, as with other government interventions which increase the BSC's costs.

An interesting appendix to the committee's report contains a BSC estimate of the impact of government intervention on the major European steel industries. In 1981 BSC received grants and loans equivalent to a subsidy of £20 per tonne of crude steel, far higher than any other EEC steel industry; France was the nearest with grants and loans of £11 per tonne. BSC argues that this figure has to be taken together with the costs of state intervention, such as maintaining surplus plant for reasons of employment protection; this "negative subsidy" amounted to £7 per tonne for BSC in 1981. In addition, according to BSC, a further penalty of £5 per tonne arises from the fact that, through government policy, it pays higher prices for gas, electricity and fuel oil than its rivals on the Continent.

The detailed figures may be open to question, but they do illustrate how the Government can take away with one hand what it gives with the other—and in doing so damage the prospects of both the steel industry and its customers.

Even with the most favourable government policies British Steel faces a difficult future. As Mr MacGregor pointed out to the committee, some of the newer steel-producing countries have much lower costs than those faced by the older industrial countries. It is conceivable, he suggested, that in the long run production of crude steel will shift towards areas where the raw material is cheap and energy is available, while finishing and processing activities will remain close to the major markets. But this is no more than a long-term possibility. In the meantime British Steel has some advantages, not least the fact that its biggest crude steel works have good deepwater locations and thus can receive raw materials at competitive costs. If Mr MacGregor's drive for higher productivity is maintained, a viable industry can emerge, but the Government should be careful not to make the task harder than it need be.

UK MINERS' VOTE

Now for the real war

By John Lloyd, Labour Editor

Trevor Humphries

Arthur Scargill with a miner from South Wales where branches were prepared to translate threats into action

THE future conduct of industrial relations in the British mining industry — that bulldozer of political change in the first part of the 1970s—depends on these immediate factors: the personality of Arthur Scargill; the political struggle in the leadership of the National Union of Mineworkers; the collective view the mineworkers form of their self interest; the effect of the anti-strike vote on the Labour movement; the nature of the revised Plan for Coal which the National Coal Board is now preparing; and the support given the Board by the Government.

One point is worth making right away. From the barrage of comments and opinions given by mineworkers to reporters from this newspaper and others, it is possible to distil one essential response to the strike call—"we'd like to support you but we can't." Many mineworkers remain emotionally loyal to their union, to their President and to the executive. But they are now, in many cases, earning high wages and have done for some time: they are financially committed to life-styles which their fathers would have associated with management. They are no longer impoverished proletarians ready to be mobilised.

Beyond these immediate matters lie the more shadowy issues of oil prices (presently more sharply in focus, with shots of sweating oil ministers juxtaposed poignantly on news bulletins with Welsh miners blowing on their hands on picket lines), the unemployment rate, and the prospects for economic recovery in the advanced economies.

Mr Scargill is a phenomenon: alone among trade union leaders he combines rhetorical ability, relentless ambition, fundamentalist Marxist politics and a constitutional inability to compromise, otherwise known as negotiate.

He has entered into a symbiotic relationship with the popular newspapers, reflected in television: they depict him as a ravening monster set to devour NCB, Government and the British way of life (a caricature which helped him greatly during his presidential campaign) while he responds by saying ravening monster-like things, lanced with descriptions of the press as "jackals," "hyenas" and "vermin."

None of this should detract from the fact that his personality wholly dominated the national executive, whose ascendant right-wing fell apart on the retirement early last year of Mr Joe—now Lord—Gormley. Mr Mick McGahey, his vice president, is probably still a close advisor (though he has run his own Scottish area much more cannily than Mr Scargill has the national union); and only Mr Peter Heathfield, the North Derbyshire secretary, matches or surpasses him in ability and intellect. But Mr Heathfield is a loyal leftist, who will not move against Mr Scargill or the left line.

On the right, disunity has prevailed. Mr Trevor Bell, the secretary of the white collar section Cose, is crippled by his base and by what even his fellow rightwingers see as his over-hasty tendency to criticise the leadership. Mr Ray Chadburn of Nottinghamshire is not seen, and probably no longer sees himself, as a national figure, and the same goes for all the others.

It is not, however, correct to see them as simply extinct volcanoes, beaten by Mr Scargill into surly bellyaching about the good old days. None of them apart from Mr Bell has blamed Mr Scargill for the vote debacle: and all believe that some time, a fight should be mounted against closures.

Some of them can see their areas disappear within their probable lifetime: and self-interest, tradition, sentiment, political belief and pride combine in them, as they do in Mr Scargill, to create a determination to resist contraction — though how, they simply do not know.

The vote, the second within six months to turn down strike action with a decisive majority, has left all of the executive in a depressed and self-righteous mood, disposed to blame their members for lacking their foresight. Right and left wingers believe that the Board will now rip into unprofitable pits and that their members have handed Mrs Thatcher an enormous electoral advantage. Mr Denis Murphy, president of Northumberland, said yesterday: "She beat Galtieri and now she's beaten us. She'll walk an election."

Mr Scargill yesterday moved fast to encircle the right's arguments. The executive has now dropped the ban on participation in consultative procedures with the Board — though the Board's stance has not changed and these procedures will be exactly the same, if more urgent in pace, than they were last year when they were condemned as "meaningless." Mr Scargill obliquely criticised "a tendency on the part of branches to put forward resolutions which unfortunately, when the chips are down and the going gets rough, they are not prepared to translate these threats into action."

This is a somewhat disingenuous remark from one who in the past had encouraged such resolutions, but a clear signal of a present desire not to be hoist on unachievable aims by activists who cannot deliver the rank and file mineworker.

The mineworkers would appear to have distanced themselves from their elected leaders over the past year. Having put Mr Scargill into place, they appear content to leave him as a militant backstop should they need him, and, for the present, to reject his—and the executive's—strategies and analysis.

Their embourgeoisification through higher pay and the diverse results of the area incentive bonus scheme has been well noted: speaking after yesterday's executive, Mr Scargill put the bonus scheme on top of the list of his reasons for losing the ballot, followed by the general economic climate, the attacks of the press and its "personalisation of issues," and the increased redundancy terms. In short, he has recognised that the Board's policy—which might be described as one of "divide and cushion"—has worked, and it will now be a mammoth task to get successful industrial action in opposition to it.

Less frequently remarked than the above is a tendency pointed up by Professor Les Fishman, head of Keele University's economics department and a friendly observer of the mineworkers — that is, a growing recognition by mineworkers of the NCB as a relatively benign employer in hard times, one which will consult, pay high severance awards and retirement pay and attend to miners' wants more carefully than other corporation or private company which they can observe all about them laying off workers without warning and with minimum redundancy terms.

> 'The NCB's strength is that of the benign employer in hard times, always ready to consult and offer generous terms'

Fishman believes this reflects a continuing belief in the public ownership of the mines, and a recognition that management's strategy is broadly right: he also sees wealthier and more mobile miners as better integrated into the social fabric, and less of a "special breed." This state of affairs could, he thinks, be disturbed—and Mr Scargill put back on his white charger — only if the Government attempted to privatise the mines, or the Board moved too fast and became the enemy once more.

The effect of the vote within the "broader Labour movement" will be a contradictory one. Few TUC leaders have much time for Mr Scargill, for the good reason he has little time for them. His attendance record at General Council is among the worst and he rarely attends committees. He effectively demanded promotion last year from the boring "new boy" committees to the policy-making ones, and was turned down flat. He has alienated by his style of demanding support for action about which the General Council has not been informed formally and by publicly scorning what he sees as the supine character of the TUC's response to the present Government. He has no friends on the centre and right, and only rather cool allies on the left—allies who cannot themselves deliver the support which he may peremptorily demand. An exception is the health unions, whose leaders are grateful for his material support during their stoppages. But they and he know it cannot be repaid in kind.

So discreet *schadenfreude* is the immediate emotion in general secretaries' offices today. But it will be quickly tempered with the sober consideration that the mineworkers have, as Denis Murphy pointed up, merely enhanced the image of a Prime Minister intent on further reducing their power.

The result will strengthen the hand of those who have long argued that the task of the General Council now is to lie low, do as much as possible for the Labour Party's election chances (hoping against hope) and pick winners of disputes when, if ever, they come along.

For the board's part, there is no doubt that it is under pressure to move faster: the publication of the Monopolies Report, thought to be next month, will confirm the track on which it is already set—that is, to close uneconomic pits at a faster rate, and to concentrate production in the rich seams of Yorkshire, Nottinghamshire and north-east Leicestershire (Belvoir).

In his speech to the Coal Industry Society on the eve of the mineworkers' ballot, Mr Norman Siddall, the NCB chairman, was unambiguous: "we have to adapt to the present drastic fall in demand . . . it would be wholly misleading to think that, once the recession passes, all our problems would be over . . . the Plan for Coal said that up to 1985 an average of 3m to 4m tonnes of coal a year should be lost . . . in fact only about 1m tonnes a year (has been lost) . . . the board's intention is to tackle this burden with determination, for the future of the industry demands that we should. But we shall do it with compassion for the people involved."

His key passage read: "We have to restructure this industry to adapt output to what our customers will buy from us, and at what price. No matter who is chairman of the board that policy will have to be followed. We shall pay our workpeople the best wages we can afford out of the money we earn.

"For as long as possible we shall go on offering alternative jobs when pits close, with voluntary redundancy for the older men on terms that will be acceptable to them. None of the actions we are taking now or are likely to take in the foreseeable future, whether by closing pits or reducing manpower at continuing pits, need cause any compulsory redundancy."

Mr Siddall's programme, and it should remain the same whoever succeeds him, is for closure after local consultations of the most careful kind possible cushioned by high payments for those who leave and high wages for those who stay. The Government has shown no sign of departing from this — indeed, it has proved in the past "softer" than the board, as when it backed down on the 1980 closure list after the board had prepared itself to face down a strike. There does not presently appear to be any constituency within government which believes the NCB should be dynamised into faster action than it is already contemplating, or that it is pouring out taxpayers' money to no good effect in cushioning miners' redundancies.

We appear thus to be entering, at the beginning of the second year of Mr Scargill's term, into the period of the *real* as opposed to the *phoney* war. Mr Scargill has dominated the latter, issuing threats and challenges to battle which, when tested on his own troops, have proved to lack substance.

The real war, on uneconomic capacity, could — and on the Board and Government's part — should see reductions of the numbers of British pits of the scale of the Robens cuts in the 1960s — a period which bred Mr Scargill's (and others') militancy and which he has vowed never to tolerate again. We shall see.

Men & Matters

Peace meal

Mrs Thatcher makes peace with as much determination as she makes war. If Dr Mahathir Mohammed, Malaysia's mercurial prime minister, had any doubts about Britain's eagerness to bury the hatchet after two years of tense and sometime acrimonious relations a sumptuous dinner in his honour the other night at 10 Downing Street should have dispelled them.

Described by both leaders as a private occasion the presence of assorted nabobs was a signal of the seriousness of Mrs Thatcher's intentions.

Guests ranged from Sir Geoffrey Howe to Lord Richardson, governor of the Bank of England, and included half the Foreign Office top echelon together with business leaders.

Mrs Thatcher's speech was brief but meticulously rehearsed, a minor masterpiece of its kind striking just the right balance between self-deprecation and the hope that matters between the two nations would go better from now on.

She was, she said, glad that Malaysia had made Britain change its mind over the policy of phasing out subsidies to foreign students. There was not the slightest show of this *mea culpa* being delivered through clenched teeth.

Dr Mahathir, it will be recalled, sent shock waves through Britain's business community when he instituted a "buy British last" policy as punishment for what he claimed was a high-handed and patronising attitude by the UK towards its former colony.

And the Malaysian leader was not disposed to match his hostess's expansive mood this week. In a speech which suggested that peace has not quite broken out yet, he dwelled upon some of the reasons for his policy towards Britain taking as his theme "you have to be rough to get things done."

Good works

Wherever it stands on faith and hope, British business is tops when it comes to charity.

Britain leads the European league in corporate contributions to support education and the arts, according to a report by The Conference Board, a U.S.-based research body.

Its survey of 170 companies in eight European countries showed that in 1980 the budgets being planned by British companies for such purposes ranged between $12,000 and $6.6m. At the other end of the scale, Sweden's corporate contributions were between $2,400 and $808,900; and West Germany's between $2,900 and $1.7m.

Britain's overall preoccupation with philanthropy and non-governmental support of education and the arts stood out above the rest, says the report. "Charity is the United Kingdom's middle name."

Bank loan

Ever anxious to afford special service for matters spiritual, the National Westminster Bank has concluded that simply to lend money to the Church of England for a new job creation scheme in Yorkshire would not be enough. The bank is, instead, lending a bank manager full-time for three years—complete with salary and perks—to act as chief executive.

Irving Waite is being seconded by the bank to be the professional manager of Cats Ltd. This is, in turn, the £250,000 brainchild of Malcolm Stonestreet, the vicar of Bramley, a south Leeds parish, who is chairman of the company.

Stonestreet gingered up his parish to take positive action to help the 2,000 local unemployed. At the end of last year he persuaded the Church of England to buy the redundant St Catherines Mill—"as much space as St Paul's"—from Illingworth Morris for £93,000. The local church has found £25,000 and the remainder is being raised from charities, trust funds, and the national coffers of the C of E.

That is only the first hurdle, however. Stonestreet tells me the Palace of the Unemployed he is creating in the old mill will cost about £70,000 a year to run.

He calculates that if 1,000 people can be attracted there daily to work in "nursery" business enterprises, to take part in youth opportunity schemes, or simply to keep themselves active by unpaid work, then Bramley will be getting good value for £70 a year per unemployed person.

"There it is again — Chairman of the British Steel Corporation."

Foster's child

Norman Foster, architect of what has been alliteratively described as the world's "most magnificent monument to Mammon," has been awarded this year's Royal Gold Medal by the Royal Institute of British Architects.

Foster is the designer of the new £600m headquarters of the Hongkong and Shanghai Banking Corporation—a 41-storey building which, it is unkindly said, will resemble a gigantic central heating radiator stood on end.

The RIBA citation says that "no other architect has so effectively drawn the advanced modern technology of the aerospace and electronic worlds into architecture and building."

Foster, RIBA says, has created structures of great style and grace. Some, like the Sainsbury Centre for Visual Arts in Norwich, "at the adventurous edge of technology;" others, like the Ipswich offices of Willis Faber, which set new international standards of accommodation for office workers.

Aged 47, and educated at Manchester University, Foster founded the firm of Foster Associates with his wife, Wendy, in 1967.

In only three of the past 20 years has he failed to win an award of some kind for his work. He has taken the FT's award twice and gained three commendations.

What spare time Foster has, he spends looking down on buildings rather than looking at them—he flies light aircraft, helicopters and sailplanes.

Bare facts

Taxmen, it seems, are the same everywhere. New York State Tax Commission has been leafing through some nudist magazines lately to decide whether it should take a cut of the sales revenue.

Publications that featured articles as well as pictures of naked people, it concluded, were "periodicals" and exempt from tax.

Magazines which contained little else but nude pictures, the Commission said, were "information services" — and taxable.

Observer

POLITICS TODAY

Voting all over the place

By Malcolm Rutherford

IN THE last few days, elections have been taking place in Australia, France end West Germany, not to speak of tbe campaign in Darlington. Are there any common threads?

Mr Peter Shore, the Labour Party's Shadow Chancellor, obviously thinks there are. "The Australians," he said in a speech on Tuesday, "sent a message of hope to Britain. With more than one in 10 out of work, with national income falling and a do-nothing Government in Canberra, the Australian people voted for a change of course and a new deal.

"Convincingly and decisively, the Australian people rejected Thetcherism in the Antipodes."

Others have argued with eqnal passion that the return of Chancellor Kohl in Germany and the setback to the Socialists in the local elections in France mean that there is a move to at least the moderate right.

Hard to reconcile the two views, unless you argue that the Commonwealth moves one way and continental Europe another. Indeed, it is impossible to reconcile them. There is no common trend, except perhaps thet when an electorate gets fed up with a Government, either it registers a protest vote in a local or by-election or it votes it out in a general election, whichever opportunity comes first.

There is, however, a common theme, which is worthy of more attention. It is the effect of the electoral system on producing a Government.

The countries which have been to the polls recently bava widely different voting systems. The Australian system, for example, seems to me to be ridiculous. It provides for general elections every three years and allows for early elections on top of that. Hence it is not entirely an illusion that the Australians seem to be going to the polls all the time.

The French are somewhat more sophisticated. They have a system which Sir Alec Douglas-Home once favoured as a model for Britain and which he called "first past the second post." It consists of a first election in which a candidate who achieves 50 per cent of the vote is the winner. If there is no such majority, then there is a run-off. Thus the French vote again next Sunday where there was no clear result first time.

There is a lot to be said for that approach. It allows for first preference on the first ballot, then for tactical voting if there is a second.

The trouble is that it is only part of the French system. Overall, it is full of all sorts of other checks and balances. For instance, the elections to the National Assembly take place on a different timescale, though they can be called early. Above all, the French presidency is for a seven-year term.

Successive French presidents have wanted to change this. Certainly Presidents Pompidou and Giscard advocated a reduction to five years. Recent French political history would have been different if they had succeeded in their aim. It is quite likely that President Giscard would have been re-elected if he had been able to go to the country earlier.

Besides, a 14-year stint, which is what a two-term presidency means in France, is a pretty daunting prospect, both for the president and the electorate: more like an elected monarchy than what most of us know as politics.

There are other peculiarities. It is not absolutely clear who holds what power: the president, the prima minister or even, on occasions, the National Assembly. The system works best when there is a strong president with an effective prime minister, as it did for a while when M Pompidou was Prime Minister to President de Gaulle and, again for a while, when M Raymond Barre was Prime Minister to President Giscard.

One of the lessons of the latest local elections is that M Pierre Mauroy is obviously not seen to be an effective Prime Minister. He has even withdrawn from national campaigning in the second round. It would be surprising if he were not quickly replaced as President Mitterrand tries to get his act together again.

Tha West German system bas oddities of its own, some of tham paradoxical. It was devised to prevent a repetition of the multiplicity of parties characteristic of the Weimar Republic. Yet in the federal elections last Sunday the number of parties represented in tha Bundestag rose from three to four with the entry of the Greens.

As I wrote last week, it might be better if the 5 per cent clause, which under the German system of proportional representation means automatic admission to any party winning 5 per cent or more of the vote, were changed to a 10 per cent clause. Bnt it should be added that the German system has not prevented the emergence of what should be a stable coalition government with a comfortable majority.

The other oddity is this, it was widely assumed for years that the German system was made for fixed term Parliaments. At the very least, the holding of premature elections was made exceptionally difficult—again in an attempt to avoid a recurrence of the political experience of the Weimar Republic. Yet there have now been two early general elections in the past decade or so: the first in 1972 when Chancellor Brandt's coalition found itself in a position of stalemate in the Bundestag, and the second last Sunday.

Who is to say that those early elections should not have been held? Herr Brandt could not conduct his Eastern policies without parliamentary support. He went to the country and his coalition won a decisive majority. For the first time ever, or since, the Socialists outpolled the conservative Christian Democrats.

Similarly, Herr Kohl could have remained in office as he was constitutionally entitled to, even though he only became Chancellor because the liberal Free Democrats changed sides in mid-parliament. Yet to have done so would have been fairly shabby behaviour. Herr Kohl took the risk of doing the decent thing, and it came off.

Those who argue in favour of fixed term Parliaments ought to bear the German example in mind. They might be a good idea in principle, but there does need to be a let-out.

So we return to Britain. On Wednesday, Mr Austin Mitchell, the Labour MP for Grimsby, sought to introduce a Bill in the House of Commons proposing fixed term Parliaments for Westminster. He was given a pretty rough ride.

One does not need to agree with him precisely to have some sympathy for what he was trying to do. Unlike most MPs Mr Mitchell has at least recognised a case for constitutional and electoral reform.

For it cannot be repeated too often that the present electoral system is a mess and, given the existence of a significant third party, could throw up the most extraordinary results.

It is not just the business of tactical voting which has been discussed in this space in the last two weeks and which, by all accounts, is beginning to show signs of emerging in the by-election campaign in Darlington. There is another possibility.

This is completely hypothetical, but say the Darlington result is bad for the Tories. They save their deposit, but only just. Then they do not fare terribly well in the local elections in early May. This change in fortunes is reflected by the Tories losing their lead in the national opinion polls. The option of a general election in June begins to look less ettractive (though it might of course be argued that it would still be best to go as quickly as possible in case the prospects get worse later.)

Anyway, say Mrs Thatcher hangs on. It does not look much better in October. So she decides to stay through the winter. She then runs the risk of becoming like Mr James Callaghan in 1978-79. Assuredly she will not, like him, be defeated in Parliament. But the possibility of defeat at the polls might overshadow her last few months of office. As with Mr Callaghan's before it, her Government will be simply hoping for something to turn up.

It is quite likely that nonc of that will happen. It is not a prediction. But the very possibility that it might, coupled with the re-emergence of a three-party system, must give pause for thought ebout how well the existing system works.

Three concluding thoughts. The French system of first past the second post is eminently rational. It allows people to vote with their heads as well as their bearts, though I am not sure that the British people would take kindly to two elections in successive weeks.

There is also a great deal to be said for the German system of fixed-term Parliaments with let-outs. It gives some leeway to the head of government in choosing the election date, but not absolute power.

The third thought is that there might be some kind of standing commission on the electoral system. After all, there is a commission which reviews and revises the constituency boundaries every ten years or so. Why should there not be a similar body which would make recommendations on electoral reform?

Of course, only Parliament can decide. But there is a case for a commission which draws anomalies to its attention. It is a remarkable fact that the electoral system should have remained untouched for so long while so much else has changed, including the decline in the aggregate vote of the two big parties.

Facing their electorates (from left): Lionel Jospin, French Socialist leader; Tony Cook, SDP contender in Darlington; Bob Hawke, Australia's new Prime Minister Chancellor Helmut Kohl and Hans-Jochen Vogel, the German SPD leader.

Lombard

Paris and Bonn arm in arm

By Nicholas Colchester

THE MOST telling reason why Europeans need be nervous about nuclear war is the inadequacy of Nato's conventional forces in Europe. The excesses of the superpowers in their search for a balance of atomic terror do not in themselves make nuclear war more likely—they are chiefly an economic nonsense. It is conventional inferiority which forces the West to hang on to the right to use nuclear weapons—and, most dangerously, battlefield weapons—rather than ban their use, as it has long accepted the ban on chemical weapons.

One way to strengthen Europe's conventional defence would be for France to reconsider the rundown of its non-nuclear forces and commit itself formally to the defence of West Germany.

In 1963, as part of the Franco - German friendship treaty, President de Gaulle and Chancellor Adenauer agreed on "convergence of military doctrine with a view to arriving at common concepts." But nothing happened. Aloof from, and mistrustful of, the U.S. commitment to defend Europe, France detached itself from the integrated command of Nato, assembled its own nuclear forces and developed tha "sanctuary" concept whereby French forces were only for the defence of France.

President Giscard d'Estaing indicated military support for West Germany but as recently as September 1981, General Lacaze, chief of staff of the French armed forces, spelt out three principles governing French operations within the Western Alliance:

- Co-operation will involve only French conventional forces and thus exclnde any joint planning of the use of nuclear weapons.
- There will be no automatic commitment of French forces, and France will not participate in the "forward battle" on the German frontier.
- French forces will always be under French command.

No one could expect a socialist-communist French Government to accept a return to tbe Nato command structure. But there are grounds for suggesting closer ties between the armed forces of France and those of West Germany under its new Conservative Governent. There are also inklings of moves io this direction.

First, the build-up to the German election, with its focus upon neutralism and disarmament, shook French confidence in the German-American buffer zone hetween France and the Soviet bloc. The election's outcome, with Green voices for neutralism aod anti-Americanism enscooced in the Bundestag, suggests that France would do well to stress its military solidarity witb Germany to help postpone the day wben the Rhine becomes the front line.

Second, France will find it easier to discuss tactics with West Germany when its new tactical nuclear weapons—on which the French conventional forces seem worryingly dependent—reach beyond the West German *glacis* into East Germany. It was hard to discuss use of the old "Pluton" missile with an ally living in its target area.

Third, Franco - German co-operation no longer need imply an undermining of Nato. A firmly pro-American German Government, firmly installed, would be talking with a French Government which has proved itself remarkably non-Gaullist in stressing the importance of the U.S. nuclear umbrella for Europe and the dangers of "decoupling" between the U.S. and Europe.

As for inklings, last October the two countries decided to start defence co-operation talks as a "first step" towards the "common concept" mentioned in the 1963 treaty. The West German defence minister, Manfred Woerner, who is a French speaker and Francophile, has made several trips to Paris since then.

Perhaps all that is cooking is a fresb initiative on the joint procurement and production of weapons. This alone would help reduce the cost of redressing some of Nato's non-nuclear disparity with the Soviet Pact forces. But it would not be nearly as encouraging as moves to redraft those Lacaze principles, re-emphasise the value of French non-nuclear forces, and commit them more wholeheartedly to the defence of Europe in West Germany.

Letters to the Editor

Disarmament, CND and Russian military writings

From Major-General R. Mans

Sir,—Sandra Middleton (March 5) asserts that the Campaign for Nuclear Disarmament is hostile to all nuclear weapons, whatever their origin. If that is the case, to take up Mr Robin Bruce Lockhart's point, why are we not seeing "Greenham Common" type protests outside the Soviet Embassy? The letter evades this issue.

The naiveté of the CND, to take e generous view, is illustrated by the argument that on the one hand the possession of nuclear weapons makes us a target and on the other that our defenca policy should be based on repelling invaders. It is totally unrealistic to helieve that a Soviet offensive, having reached the Channel with or without employing nuclear weapons would desist from their use if we showed signs of prolonged resistance.

Soviet military writing, especially in their Military Encyclopaedia which religiously reflects the official Kremlin viewpoint, bas always asserted that winning a nuclear war is a feasible proposition. Marshal Ogarkhov, the Cbief of the General Staff, has himself written, wben discussing the advantages accruing to the Soviet Union and its allies in facing np to nuclear conflict that this "created for them the objective possibility of achieving victory."

In the face of such stark sabre rattling only continuing nuclear deterrence by the West will ensure the maintenance of peace.

(Major-General) Rowley Mans.
Kirke House,
Sway Road,
Brockenhurst, Hants.

Never give a sucker an even break

From Mr J. Stevenson

Sir,—In your anxiety to bury the Alliance Budget proposals in an avalanche of righteous macro-economic indignation and fiscal rectitude (*Leader*, March 1), you missed entirely its most intriguing and potentially significant impact on the more down-to-earth "micro" side of the economy.

How many readers remember the torrential flood of consumer spending which followed the inept decision of Denis Healey to announce, in his 1975 Budget, his intention to raise VAT to 25 per cent on certain "luxury" goods in five weeks' time? I was working then for a chain of 70-odd shops selling fur, suede and leather fashion clnthes, all of which were destined to attract this new 25 per cent penal VAT rate. Never—neither before nor since—have I known such hectic activity as that into which I was plunged by the Chancellor's heaven-sent act of mistiming. Our shops were packed out with pleading, desperate customers thrusting cheques and ten-pound notes into the hands of bemused sales assistants.

Now, seemingly oblivious of that misjudgment or perhaps comforted by the edvantage of not actually beving the power to implement what it recommends, the Alliance is proposing an even lengthier delay in the implementation of a VAT change in the opposite direction. Its Budget package includes the proposal to cut VAT from 15 per cent to 12½ per cent from October 1. Thus, the first-year cost would he kept down to £550m, rather than the £1bn or so which it would roughly cost if it were implemented as from Budget Day.

The size of this proposed VAT rate change is obviously a lot less than the Healey increase on selecled luxury items in 1975, hut it may he argued that a potential fall in price never quite compels consumers to defer purchases as powerfully as a threatened rise can start off a buying spree. Yet the Alliance proposal would apply to all VAT-rated items so that its overall impact upon a household's totel budget could be at least as important in absolute terms as the much greater VAT change introduced hy Healey. Thus, it could easily induce a quieter, steadier but even more significant (in volume terms) tactical temporary withdrawal from discretionary goods markets by large numbers of purchasers, till the implementation of the 2½ per cent cut on October 1.

There could he a dampening of the recent consumer expenditure growth which bas accounted for much of the very modest recent economic recovery and/or there could be an albeit reluctant "cut-price" campaign from the retailing industry to persuade consumers that purchase-deferral would bring them no extra benefits. In the former case, the Alliance recovery strategy would be aborted from the outset while in the latter case it could, if it was lucky, still get growth with an even better performance on inflation than it had been anticipating. My money would be on a combination of both.

These are critical practical forces and counter-forces on which someone would need to do some calculations and to which your obsessively macro-economic and theoretically statistical analysis paid no attention. You need to get your hands a hit dirtier in the painstaking process of working out what real people would actually do when politicians put hig macro numbers into policy documents, rather than continuing to count the number of PSBR brownie-points on the thoroughly discredited pinhead of the Treasury model.

Jamie Stevenson.
13 Fitzwilliam Road, SW4.

The mails must get through

From Mrs Curnow.

Sir,—I find Mr R. A. Clinton's letter (March 7) very interesting.

I applied for shares in a recent issue by a well-known company, but was not successful in the hallot, baving sent in two different applications.

One cheque application posted first class in the City reached me the following morning, the second did not arrive until the second post on the next, despite bearing the same post mark. So mucb for all the promises we are always getting from the Post Office to justify the two-tier system.

(Mrs) M. E. Curnow,
47, Melcombe Regis Court,
59, Weymouth Street, W1.

Regional grants for projects

From Mr H. Scholes

Sir,—Mr R. Musgrave (March 2) says that regional grants for projects which would have happened anyway cost the nation nothing in real terms.

If the project is being carried out by a foreign-owned multinational there can be no assurance that the grant will actually be spent here; it may simply reduce the amount of inward investment and so represent a direct resource cost. Even if the company is British the benefit may accrue outside the assisted areas; and it is surely inefficient, given the constraints on public spending, to misuse funds in this way.

Of course selective assistance is very difficult to administer and one can never be certain how hig an incentive, if any, ia needed to secure ao investment in a given area. But at least there ia a chance of avoiding some of the waste which is inevitable when grants are automatic.

Hubert Scholes.
5a Lancaster Avenue,
Farnham, Surrey.

Industrious and gardeuers

From Mr B. McGinley

Sir,—Samuel Brittan's strictures (March 7) on Wiener's *English Culture and the Decline of the Industrial Spirit* rather prove the professor's point. To cry *tu quoque* because of the book's readahility is to confuse the particular with the general.

There is no objection to enjoying the quiet of one's garden, but the wealth that makes this possible nationally is generated by industrial means.

From Kingsley and Carlyle to Barnett, Mant and Bellini, the insidious denigration of practical values in British life (applied science, trade, dirty bands) has been pointed out. If it is not a "malaise" that Britain is nniquely a low-wage, no-growth, nostalgic society, then what is?

Bernard McGinley.
176 Roslyn Road, N15.

Completed on time

From Messrs S. Tietz and P. Campbell

Sir,—We were most interested in your article on construction contract times (February 28). It was particularly noteworthy that all forms of contract can provide qnick building programmes and that speed need not cost more money.

This is mucb in line with the findings of the Association of Consultiug Engineers. A recent examination of a wide range of civil and structural engineering contracts executed by members and completed in 1982, showed that typically eight jobs ranging in value from £1m to £11.4m end aggregating £43.8m, were all completed within their budget and end programme, some of them with significant savings. Many jobs were dramatically faster than the average quoted by you.

The poor reputation which the industry has for late completion, over hndget, is rarely applicable where both the client and his team are committed to a fast programme. Clearly clients with timited experience of construction may need to heed advice on appropriate methods which will include choice of an appropriate form of contract if they are to achieve their aims. Thereafter, given commitment hy all involved with the task, the construction industry can match the much pnblicised performance claims by foreign firms.

S. B. Tietz,
S. B. Tietz & Partners.
P. Campbell,
Campbell Reith & Partners.
c/o 10-14 Macklin Street, WC2.

FINANCIAL TIMES
Friday March 11 1983

Midland profit rise surprises market

By Alan Friedman in London

MIDLAND BANK, Britain's third largest in terms of assets, yesterday reported an unexpected 8 per cent rise in its 1982 pre-tax profits to £251.4m ($377.1m). UK analysts had been expecting a decline of between 10 and 15 per cent.

Midland's performance is in marked contrast to those of Barclays Bank and Lloyds Bank, which have already reported 1982 pre-tax profits which were 12.7 and 18 per cent lower respectively. Its share price soared by 50p to close at 420p and other bank shares moved higher in sympathy.

Midland's 1982 bad and doubtful debt provisions, up 73 per cent at £196.1m (and included £162m of specific provisions), represented less of a year-on-year rise than did the Barclays and Lloyds provisions, which were both more than doubled.

The Midland total net dividend for last year was increased by some 6 per cent to 25.5p, a smaller percentage rise than Barclays' 20 per cent or Lloyds Bank's 15 per cent increase.

Mr Geoffrey Taylor, Midland chief executive, said the £251.4m pre-tax profit included £41m of earnings on the bank's portfolio of UK government securities. The equivalent 1981 gilt-edged profit was £1m. Mr Taylor, who said Midland had "made progress in a difficult year," said the 1982 earnings had benefited from an increase in the margin between average base lending rate and seven-day deposit rate from 2.8 to 3 per cent.

Two thirds of the £196m in bad debt provisions was related to overseas lending and these provisions represent 1.36 per cent of the bank's total outstanding loans. Around 20 per cent of the 1982 provisions came from Crocker Bank, its U.S. subsidiary.

Mr Taylor revealed that the bank's loan exposure in five Latin American countries – Argentina, Brazil, Chile, Mexico and Venezuela – represented between 7 and 8 per cent of the group's £48bn of total assets. Of these five debtor nations, the bank's exposure in two countries (believed to be Mexico and Brazil) each accounted for 1½ per cent of total group assets.

Details, Page 24

Shell earnings surge ahead in fourth quarter

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

THE ROYAL Dutch/Shell Group reported yesterday that it had increased its fourth quarter net income by over 81 per cent – to £748m ($1.12bn) as against £463m in the corresponding period of 1981.

As a result, the UK-Dutch energy group boosted its 1982 net profits to £1.99bn, just £4m up on the previous year, but considerably better than recent City of London forecasts. Shell said that when the figures were recalculated on a current cost basis, last year's net income worked out at £1.89bn as against £1.36bn in 1981.

Sir Peter Baxendell, chairman of Shell Transport and Trading – the UK arm of the Shell Group – said that the marked improvement in fourth-quarter profits (the £748m net income compared with £451m in the third quarter) reflected improved *margins* on *its refined products* operations as well as substantial benefits from currency conversions.

The group had "battled" for most of 1982 to try to pass on to customers the higher local-currency cost of crude oil. These efforts bore fruit in the October-December period. Shell had also been helped by an increase in natural gas sales and North Sea oil production, with the result that the year-end figures were "more than satisfactory" in the context of 1982 trading difficulties.

Future prospects were uncertain. Much would depend on the outcome of the Organisation of Petroleum Exporting Countries' meeting on price and production levels. The depressed demand for refined oil products and petrochemicals continued to cause problems which, in the *industries, needed further plant* closures and reorganisation.

In the past two years, he said, Shell had closed or mothballed 19 per cent – some 23m tonnes annual capacity – of its primary refining capacity in Europe. Partly as a result of this action current-cost earnings of its manufacturing, marine and marketing activities outside the U.S. and Canada rose from £19m in 1981 to £457m last year. But the group continued to make a substantial loss in chemicals.

Shell *is expected* to *invest* between £4.75bn and £5bn on capital projects this year, as against £4.4bn in 1982. Most of the money will be spent on oil and gas production. *Exploration expenditure* is expected to remain *unchanged* at about £860m.

Details, Page 24

Walesa threatens further strikes

By Leslie Colitt in Berlin

MR LECH WALESA, the leader of Poland's banned Solidarity trade union movement, said he and his followers would organise demonstrations, hunger strikes and labour strikes to gain the release of imprisoned union members.

Mr Walesa signalled the hardening in his relationship with the Polish government in an interview with West German television.

"We cannot shoot because we have no weapons," he said. "But we can protest. We will carry out demonstrations, hunger strikes and also strikes." The former labour leader said he would take part in the protests.

He added that he would follow a "harder line" towards the authorities because "arguments apparently have no effect on the state power."

"What is there to talk about or negotiate when there are arrests and convictions?" Mr Walesa said. The government, he claimed, was "dishonest."

Mr Walesa said he did not want to hurt the Polish economy by his planned actions but said he and his supporters would have to exert pressure. "We have no other choice."

He said his letters to the authorities had not been answered and that members of the union remained in prison. "Either many more of us will have to go to prison or we will free the imprisoned," he added.

Mr Walesa was interviewed in Grudziadz where he is attending the trial of Mrs Anna Walentynowicz, who is accused of organising a strike at the Lenin shipyard in Gdansk after martial law was proclaimed on December 13, 1981.

He said he was attending the trial out of solidarity with Mrs Walentynowicz, who was involved with him in the 1970 workers' protest in Gdansk.

Her dismissal as a crane operator in the shipyard was the rallying point for workers who demanded her reinstatement during the August 1980 strikes which led to the formation of Solidarity.

Mrs Walentynowicz, however, was voted out of the union's leadership in 1981 for her militant policies, and was interned by the military government for seven months.

Shortly after her release she was rearrested and charged with engaging in illegal union activities.

Christopher Bobinski in Warsaw adds: In a sign that the Polish authorities are taking the fight against corruption seriously, the prosecutor's office in the Silesian town of Gliwice is taking action against nine policemen suspected of taking bribes at the local passport office.

The authorities recently publicised the case of a police sergeant in Warsaw accused of stealing building materials, a traffic policeman who took a bribe in Lublin and two officers in Gdansk accused of *taking bribes in return for dropping* an investigation.

It is almost unheard of for cases of police corruption to be publicised.

Dutch urged to reduce public spending by further Fl 7.5bn

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government has been urged to seek ways of reducing public spending this year by a further Fl 7.5bn ($2.83bn) between now and the end of 1984. The Central Economic Commission (CEC), a leading advisory body, said the public-sector deficit would rise this year by Fl 3bn more than had been forecast and that without new measures the 1983 deficit might reach an unprecedented 13 per cent of national income.

It is envisaged by the CEC that Fl 5bn of the projected new savings would be made this year and Fl 2.5bn in 1984.

Last November, when the present Christian Democrat-Liberal Government was formed, Mr Ruud Lubbers, the Prime Minister, warned that additional cuts of some Fl 7bn – on top of the Fl 13bn already provided for – would have to be made in 1983 if the trade unions did not moderate their wage demands.

In fact, pay settlements since then have nearly all been extremely modest – so much so that the unions are bemoaning a fall in their members' standard of living – and a new round of cuts would inevitably be seen as a savage act not justified by events.

Part of the reason for the sharper rise than feared in the budget deficit is the soaring cost of maintaining the unemployed. Unemployment in the Netherlands last month reached a new post-war record of 755,700 – more than 16 per cent of the workforce.

All those registered unemployed have an entitlement to be provided with a monthly amount from the state equivalent to the national minimum wage. Moves are under way within the government to redefine the minimum wage, and widespread cuts have been introduced in other social welfare benefits. Even so, the outgoings are enormous, and growing faster than anywhere else in the European Community.

Another reason for the shortfall has been the lower revenue than expected from sales of natural gas.

The mild winter reduced demand substantially, and plans to cut electricity costs to major users are also bound to eat into government income.

UK miners' leader concedes

BY JOHN LLOYD, LABOUR EDITOR, IN LONDON

MR ARTHUR Scargill, president of Britain's National Union of Mineworkers (NUM), yesterday reluctantly and obliquely signalled the swing away from his year-long efforts to force industrial and political confrontation which yesterday's announcement of a 61 to 39 per cent vote against strike action made inevitable.

Speaking after a reportedly calm 90-minute meeting of his union's national executive, Mr Scargill said the NUM would lift its ban on consultation at all levels – which means that talks on pit closures can now go ahead.

He repeatedly stressed his belief in the correctness of the executive's call for mineworkers to strike against closures and in support of the Welsh area's strike in protest at the closure of the Tymawr-Lewis Merthyr pit. He appeared to criticise his activists, however, when he spoke of "a tendency on the part of branches to put forward resolutions which unfortunately, when the chips are down and the going gets rough, they are not prepared to translate into action."

A chorus of relief came from the Government, business and the National Coal Board (NCB) once the ballot result was announced. Mr Nigel Lawson, the Energy Secretary, said the miners "have shown the common sense of avoiding a long and damaging strike."

Sir Campbell Fraser, president of the Confederation of British Industry, the employers' organisation, said: "We should all be delighted." Mr Norman Siddall, the NCB chairman, called for concerted action in resolving the industry's problems – a call he has made to deaf ears for the past nine months.

Mr Scargill, while warning the Coal Board against taking the result as a "green light for closures," yesterday bowed to executive and membership pressure to change tack. The NCB is likely to move quickly to bring the union leadership into discussions about the need to "restructure" the industry, which will inevitably mean an acceleration of the closure programme.

There is no question, however, of Mr Scargill having been converted from a militant to a moderate. He said: "If I had to go back 12 months, or even 12 days, I would argue for the same steps we have taken." Answering a question, he snapped: "You must be living in cloud cuckoo land if you think it (the result) could knock me sideways" – and added: "There is no possibility of my changing my principles."

He blamed four factors for the vote: the area incentive scheme, paying high wages to large numbers of mineworkers; the present economic situation; attacks from the press; and high redundancy payments. He remained certain that, given greater education among his members of the issues involved, a future ballot would result in industrial action.

The 23,500 South Wales miners remain on strike

Real war to follow, Page 18

Moody's cuts ratings of all AT & T debt

Continued from Page 1

"For the most part," he said, "the financial position of the Bell companies has been improving, not deteriorating. Interest coverage is better. Debt ratios have been reduced significantly, aided by equity sales like the one announced on February 28 and the one last December."

"It also should be pointed out that another rating agency, Duff and Phelps, gave its highest rating to AT & T parent debt just a month ago."

The decision also took Wall Street's analysts by surprise, although many were unable to comment publicly, because of potential conflicts of interest.

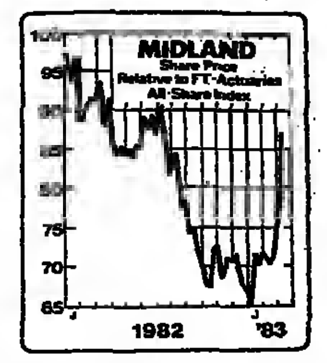
However, most analysts appeared to consider the downgrading unjustified. One was quoted as saying: "We believe Moody's is premature, and the downgrading is likely to be erroneous."

Moody's said it took its stand after completing a 90-page study of the implications of the divestiture, which forms a key part of the AT & T and Justice Department settlement of an anti-trust suit. It is the first agency to mark down the ratings.

Yesterday, Standard and Poor's, another major U.S. rating agency, said its analysts were currently meeting with representatives of AT & T, and added that a review of the debt ratings is expected before the registration of any new debt issue.

THE LEX COLUMN

Midland tacks out of the doldrums



Midland Bank's more generous policy on bad debt provisions in earlier years has allowed it to set less aside in 1982 than its main competitors, helping the latest results to cut rather a dash by comparison with those of the other clearers – let alone its own dismal showing for two years past. But the 8 per cent jump in pre-tax profits to £251m also reflects an improved trend in underlying profitability.

The full consolidation of Crocker's earnings for the whole of 1982, against just the fourth quarter of 1981, has added to the difficulty of gauging this trend. Crocker's pre-tax contribution of about £32m probably just about met the financing cost of Midland's $712m investment over the year. It left the group with a significant net loss, however, taking into account the minority item of about £20m relating to the U.S. subsidiary.

Deducting this minority as well as a £41m bonus from the gilts market, Midland's pre-tax profits before provisions show an 11.9 per cent gain on 1981. This is flattered by Crocker's absence for nine months of the prior year and is still a few percentage points short of the equivalent gains at Lloyds and Barclays – but after the 1980/1 doldrums, it was enough yesterday to boost the shares 50p to 420p.

The gilts gain has enabled the UK clearing bank to push pre-tax up about £35m to £105m, helped by a 20 per cent increase in commission income. Domestic sterling advances, up 17 per cent to £12bn, have grown far less than the foreign currency book where a £4.7bn gain has included a £2.6bn increase at Crocker. The UK restraint partly reflects the industrial bias of Midland's customer base but suggests some regard too for a rising loan stock to total capital ratio.

The balance sheet will be marginally improved in this respect by a nicely timed conversion of the remaining 7½ per cent convertible loan stock in May. But the 6¼ per cent increase in the dividend has lifted the cover from 4.8 to 3.35 and has lifted the yield to all of 9 per cent.

Lasmo

Despite the euphoria which seems to greet any rights issues these days the timing of Lasmo's call on its shareholders must have left its advisers tracking its share price anxiously yesterday.

Quite apart from the uncertainties on future oil pricing emanating from the Intercontinental Hotel, Lasmo's £452m is being raised only weeks after *Ultramar drummed up* £108m, while full application will fall just after the £300m Britoil call.

Lasmo's thinking seems to be that there is no promise that any of the present uncertainties hanging over OPEC will be quickly resolved, and that, with a share price near its three year low, it could not be accused of manipulating shareholders. Ever since it went on its spending spree last year, increasing its acreage eightfold, its balance sheet has been crying out for a capital injection.

Net debt had risen by the end of last year to about 180 per cent of shareholders' funds, and the interest charge – down last year at £8.5m because of receivables in the first half – was set to rise sharply.

Even after the rights issue, which will bring debt roughly into line with net tangible assets, the interest charge will go up, but unless there is an enormous slump in North Sea oil revenues, the group should be able to fund its £100m of capital expenditure this year without a cash outflow.

Royal Dutch/Shell

Royal Dutch/Shell began the year at an undistinguished plod, but it has ended with a sprint that has more than made up for the earlier deficiencies. Net income for the last three months has swung up from £463m a year ago to £748m, by far the best quarterly figure achieved in the last two years, leaving net profits for the year almost unchanged at £1.99bn.

The improvement has been helped by a seasonal upswing in gas sales and an 6 per cent rise in North Sea oil production. But the results also indicate that Shell has made the most of its present cost advantage over the Aramco partners, with margins widening appreciable as the dollar price of oil has fallen against most overseas currencies. The concurrent weakness of sterling against these currencies has also *produced* a *sizeable* – though unquantified – gain.

Stock profits have dropped sharply to only a little over £50m, increasing the underlying replacement cost profits from £1.4bn to £1.9bn. Apart from the doubts now hanging over oil prices in general, stock profits could also disappear this year if the sterling price of oil begins to fall. So while there could be gains from rationalisation benefits in the refineries and increased production, the yield of 7 per cent at last night's price of 448p *reflects justifiable caution over a period of* inevitable uncertainty.

Cadbury-Schweppes

The Cadbury-Schweppes venture into the U.S. has at last made a major contribution to pre-tax profits, which have risen by 11 per cent to £89.7m.

The swift integration of two acquisitions, the 150 per cent increase in the profits of Peter Paul Cadbury, reflecting rising market shares, and currency translation effects are the main factors behind the surge of U.S. profits and margins, which were dampened only by a disappointing showing in Canada.

By contrast the UK has contributed less than half the trading profit for the first time. Despite heavy advertising expenditure, Schweppes had a disappointing approach to Christmas and its margins have been squeezed badly. The confectionery division has failed to exploit fully the depressed price of cocoa and the 9 per cent increase in UK chocolate consumption, seeing its market share eroded for the second successive year.

Teething problems in the introduction of new equipment has meant a double banking labour for long periods. The number of UK employees has been cut by only 500 to 22,900, which seems hardly enough if the UK is to meet its target of a 20,000 workforce by 1984-85.

The £93m net capital expenditure in 1982 is to be increased further this year, with UK confectionery again receiving the lion's share. The expenditure has been financed mainly by short-term borrowings, which have doubled to £100m, and a re-structuring of the company's debt is overdue. The share price yesterday rose 4p to 121p where the yield is 6 per cent.

Renault to end U.S. sales of 'Le Car'

Continued from Page 1

mance of the R-5 in the U.S. was disappointing, it did help to put the name of Renault on the North American map as a result of an aggressive advertising campaign.

Since 1976, Renault has sold only 105,000 "Le Cars" in the U.S. It is now hoping to sell another 6,000 before stopping in the export of R-5s to the U.S. market this year.

In contrast, the French *company* hopes to sell about 100,000 of its AMC-produced Alliance cars in the U.S. in the first year of production.

A Renault official said yesterday the company was now emphasising its U.S. efforts on the Alliance, Renault's answer to Ford's "world car" concept, and on the new R-11. The American version of the R-11 has yet to be named, he said.

The Renault official also said yesterday that the French company planned to continue to export to the *U.S. market its Fuego coupe* model and the larger size R-18. But the French company intends to limit R-18 exports to the U.S. market to the station wagon models by the end of this year.

French motor industry analysts suggested yesterday that Renault was now seeking to concentrate more heavily on the U.S. market through the production by its AMC affiliate of its new models specially adapted for the American market.

Britain in new struggle with Paris over rebate

Continued from Page 1

discuss rebates on its 1983 and 1984 budget contributions. Mr Pym has asked for a discussion next week, and Mrs Margaret Thatcher, the British Prime Minister, is determined to take a *tough line* at the EEC summit in Brussels the week after next.

The British want the European Commission to table a proposal for fresh rebates in early May at the same time as it produces its plan for budget reform and refinancing. Payments to the UK in 1983–84 could then be presented as a bridging operation leading to a new budgetary system designed to produce a permanent answer to the huge imbalance between Britain's contributions and receipts from Brussels.

Negotiations on another two-year arrangement, however, will be bedevilled by the insistence of France and other member-states that future rebates *to* the UK *must* take into account the fact that London paid up to £620m less to the EEC budget in 1980 and 1981 than was envisaged

● The European Parliament in Strasbourg yesterday rejected a Commission plea for moderation and called for an increase of at least 7 per cent in EEC farm prices from April 1.

The parliament's decision, by 147 votes to 123, sets the stage for key negotiations by EEC agriculture ministers, which start next Monday.

World Weather

		°C	°F
[illegible]			
Malaga	F	23	73
Malta	S	10	64
Manila	S	32	90
Miami	F	12	54
Milan	S	11	52
Moscow	Sn	-5	23
Salzburg	S	15	59
Seoul	F	10	50
Singapore	S	34	92
Stockholm	C	-1	30
Strasbourg	C	7	48
Sydney	C	24	75

Readings at mid-day yesterday: C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Concern over Volcker

Continued from Page 1

stressed these points yesterday in a speech to the National Association of Manufacturers.

Mr Feldstein has also been defending his cautious growth forecasts. Speaking to the NAM yesterday he warned against "a euphoric interpretation of recent economic evidence" based on a single month's figures for January that were "too good to be true."

Confirming Mr Feldstein's caution, the Commerce Department reported yesterday that retail sales fell 0.4 per cent in February and that the previously estimated 0.1 increase in January was in fact a fall of 0.5 per cent. A *senior administration economist* also predicted that figures for February industrial production, due out on March 15, would show a decline, after January's 0.9 per cent increase.

The monetarists would like a Fed chairman who is either a convinced monetarist himself, such as Mr Walter Wriston, currently chairman of Citicorp, or a more malleable figure than Mr Volker, such as Mr Preston Martin, the current vice chairman of the Federal Reserve Board

It is generally accepted that the final decision on the Fed chairmanship will depend on a political judgement

EEC abandons nuclear probe

By Giles Merritt in Brussels

EEC MEMBER governments yesterday formally abandoned the Community's controversial £50m-plus ($75m) "Super Sara" nuclear safety research project.

The key question now is whether the lessons of the Super Sara failure will prompt the EEC Research Council to adopt the stepped-up 1984-87 EEC research and development framework plan that is being urged by the European Commission when research ministers next meet in June. Brussels is calling for soma 3.7bn ($3.49m) European Currency Units (Ecus) to be spent.

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FINANCIAL TIMES
Friday March 11 1983

Higher earnings for U.S. retailers

By Our Financial Staff

SHARPLY higher fourth-quarter earnings helped K mart and Dayton Hudson, two big U.S. retailers, to report increased profits for 1982.

K mart, based in Troy, Michigan and a leading discount chain, reported fourth-quarter net earnings of $165.2m or $1.28 a share, against $114.8m or 90 cents. Sales slipped from $5.15bn to $5.14bn.

For the year, net earnings rose to $261.8m or $2.06 a share from $220.3m or $1.75 in 1981. Sales rose from $16.53bn to $16.77bn.

K mart said results for the latest year, which ended on January 26, included a pre-tax provision of $44.5m for store closure.

The charge mainly represents the estimated write-off for closing 25 K mart stores, 17 of which will be phased out this year.

The results bear out the company's hopes that earnings would improve in the latter part of the year after a poor first quarter, when reduced demand and inflation cut into the group's margins. Margins improved significantly in the final quarter.

Mr Bernard Fauber, chairman, said he expects earnings this year to continue to rise.

"Increasing signs of economic recovery appear almost daily," he added.

Daytoo Hudson, the Minneapolis-based group with some 960 stores in 47 states, reported fourth-quarter net earnings from continuing operations of $117.5m or $2.44 a share against $98.1m or $2. Sales rose from $1.67bn to $1.93bn.

Full-year net earnings from continuing operations were $198.3m or $4.12 a share compared with $159.5m or $3.33 a share in 1981. Sales for the year, which ended on January 29, were $5.66bn ($4.94bn).

The company said all its four divisions increased earnings last year.

This year's first quarter will include big expenses because of the opening of 34 stores in the Target discount chain.

Consolidated Cigar buy-out for $120m

By Our New York Staff

GULF & WESTERN has sold the Consolidated Cigar Company, which claims to be the world's largest cigar business, to a management group for about $120m.

The sale, which has been planned for some time, is in line with Gulf and Western's strategy of shifting out of its lower margin activities.

The company said yesterday it would receive preferred stock and interest-bearing notes in return for the sale, and the proceeds would be roughly in line with Consolidated's book value. The disposal would not have a great impact on its financial statements, Gulf and Western added.

Consolidated was acquired by the large U.S. conglomerate in 1968, and had sales of more than $190m in the year to last July. The management group which is making the bid consists of senior executives in Consolidated.

Losses cut at Fagersta

By David Brown in Stockholm

FAGERSTA, the Swedish special steels and tool group, reduced its 1982 losses from SKr 102m to SKr 20m ($2.7m) on sales of SKr 2.1bn.

The group said weak demand, low prices for steel products and the cost of rationalisation held back results. Steel business was said to have improved and the result of the Secoroc rock drilling unit was termed satisfactory.

Fagersta predicts 1983 sales will be "positive" because of expected higher volume and prices as well as the effects of rationalisation steps.

Hoechst pre-tax profits slide for third year

BY JOHN DAVIES IN FRANKFURT

HOECHST, one of the three large West German chemical companies, has suffered another setback, with pre-tax profit falling for the third year in succession.

The company, in which Kuwait has a stake of just over 24 per cent, confirmed plans to cut its dividend.

BASF and Bayer, the other major West German chemical groups, have not yet reported their 1982 results, but have also forecast a disappointing outcome and dividend cuts. The industry has been hit by another year of weak worldwide demand and deepening recession at home.

Hoechst's parent company pre-tax profit slipped 5.4 per cent to DM 679m ($282m) a less drastic fall than the 20.7 per cent slump the previous year. Profits are down by a quarter from the peak result of DM 907m in 1978.

The group as a whole, including foreign and domestic subsidiaries, expects to show a worse setback than the parent company, after reporting a pre-tax profit of DM 1.17bn in 1981.

Hoechst plans to cut the dividend on its capital – enlarged by a rights issue at the beginning of last year – to 11 per cent, after holding it steady at 14 per cent for the previous three years.

Hoechst's worldwide sales rose a marginal 1.7 per cent to DM 35.03bn, compared with a 15 per cent rise the previous year.

While sales abroad increased by 3.5 per cent, domestic revenue dropped 3 per cent. Revenue also slipped in the U.S., but advanced in other European countries and Latin America.

In volume terms, group sales throughout the world were static. The parent company, however, suffered a 2 per cent setback in volume sales, with the West German market weaker than exports.

Manufacturing capacity of the parent group was only 71 per cent utilised, compared with 76 per cent the previous year.

Hoechst said that the total cost and volume of raw materials it used had declined, but energy costs were again higher.

The pharmaceutical and information technology areas had expanded their sales, but group results were affected by problems in petrochemicals and plastics.

The company said that West German business improved slightly in the past two months, compared with the last quarter of 1982.

Hoechst indicated after a weak third-quarter last year that it would be unable to maintain its dividend.

The company confirmed then that Kuwait Petroleum, the Kuwait government-owned oil company, had built up a stake of just over 24 per cent during the previous two years.

East Asiatic passes dividend

BY HILARY BARNES IN COPENHAGEN

DENMARK'S East Asiatic Company passed the dividend for the second year after reporting a group net loss of DKr 255m ($29.45m), slightly down on the DKr 281m loss in 1981. Turnover was reduced from DKr 24.8bn to DKr 18.8bn, reflecting the sale and closure of nearly 30 subsidiaries in 1982.

East Asiatic, one of Denmark's biggest companies, is involved in shipping, shipbuilding, food processing, metal recovery through recycling of non-ferrous scrap, and motor products manufacturing. It also has extensive interests in graphic industry machinery. Its worldwide subsidiaries were reduced from 164 to 137 during 1982.

Earnings before net financial costs were cut from DKr 815m to DKr 650m. Financial expenses increased from DKr 815m to DKr 1.02bn, giving a loss after net financial costs of DKr 376m compared with DKr 100m in 1981.

The pre-tax loss was cut to DKr 149m by net extraordinary incomes of DKr 227m compared with net expenditure of DKr 89m in 1981.

The parent company turned a DKr 72m profit after net financial expenditure to a DKr 243m loss, reduced to DKr 57m after extraordinary items. The net loss after tax was cut from DKr 105m to DKr 98m.

The result for 1982 was described in the preliminary report as "very unsatisfactory". The strong dollar, high interest rates and weak world trading conditions were blamed. The outlook for 1983 was one ol marked improvement for the company, the report said. From the end of 1983 onwards, the company could look forward to reasonable returns.

Group debt was reduced from DKr 11.2bn to DKr 10.3bn last year, and the aim is to cut it to DKr 8.5bn by the end of this year.

The group reported satisfactory returns in several operations.

● The Burmeister and Wain shipyard in Copenhagen plans to dismiss 450 of its 1,700 employees and to slow down its production rate in order to stretch the building programme, said the company.

The yard still has on order five 62,000 dwt bulk carriers, in which it has specialised, but does not expect to obtain new orders in the near future.

The company said it is planning to switch to the building of smaller ships, but these would not be for delivery until 1985.

Air Florida plans new finance

BY OUR NEW YORK STAFF

AIR FLORIDA, the loss making Miami-based airline, yesterday outlined a financing proposal aimed at disposing of its more expensive aircraft and replacing them with lower cost planes. The company said that discussions were under way with InterFirst Bank Dallas, its main bank lender and the holder of security interest in nearly all its assets.

Among the proposals beiog considered are substantial deferrals of payments of interest and principal and the release by InterFirst of a second lien on four Boeiog 737-200 aircraft owned by Air Florida. The company said it was discussing with a number of parties a proposal to dispose of the four aircraft, together with a substantial number of oew Air Florida shares, for cash.

Mr Donald Lloyd-Jones, president and chief executive, summarised what be described as the significant progress that had beeo made in carrying out the company's reorganisation programme. But be added that the airline continued to be constrained by a lack of liquidity and its return to financial bealth would be "subject to making further satisfactory arrangements for the current disposition of assets and the restructuring of existing obligations."

Air Florida lost $64m after tax in the first nine mooths of 1982. Its full year figures are expected later this month. The airline serves routes in Florida, the Caribbean and Central America, the northeast of the U.S. and Europe.

● Eastern Air Lines, the Miami-based carrier, reports a oet loss of $44.1m for the first two months of 1983, compared with a deficit of $54.4m in the same period last year.

The company said that although fuel prices bad fallen, ticket prices had declined even further because of competition.

Eastern's operating loss for the period was $18.7m against $34.5m in the first two months of 1982. Operating revenues rose from $578m to $614m.

ERT plan on $1bn debt rescheduling

BY DAVID WHITE IN MADRID

UNION EXPLOSIVOS Rio Tinto (ERT), Spain's top private chemical concern, last night offered Spanish and foreign creditors a 5 per cent shareholding in a restructured company and a six-year repayment schedule on its 131bn pesetas ($1bn) debt.

The state-backed restructuring plan presented by Sr Jose Maria Escondrillas, chairman, involved breaking off the group's central activities in fertilisers, explosives, refining and shipping to stop its plastics, pharmaceuticals, organic chemicals and property sides from acting as a drain on the main operation's cash flow.

The offer includes drastically reduced interest payments on the part of the debt ascribed to the core activities. After 4 per cent this year, ERT would pay 1 per cent next year rising gradually to 3 per cent in 1987.

The company estimated state support from different sources for the restructuring at 35bn pesetas.

Sr Escondrillas promised creditors a seat on the board, and said the group could be back to profits after two years. Losses last year were 10bn pesetas, to which an accumulated deficit of 34bn pesetas had to be added from previous years.

Profits generated would be used to repay debt principal, he told a creditors' steering committee.

The bulk of ERT's debts, half of which are in foreign currency, normally fall due this year.

The company is also asking for renewal of a 10bn pesetas discount facility for commercial paper, and for a freezing of exchange rates at this mooth's closing level.

Snia Viscosa to merge with defence unit

By James Buxton in Rome

SNIA VISCOSA, the Italian fibres, chemicals and munitions group, is to make a major change in its structure to take account of the greatly increased importance of its defence and space equipment interests.

The parent company of the group, Snia Viscosa SpA, is to merge with its defence subsidiary BPD Difesa Spazio, to form a new parent company which will be called Snia-BPD SpA.

Snia Viscosa, which had extended difficulties in the later 1970s, detached its main companies in the fibres, chemicals and defence fields into independent subsidiaries from the beginning of 1981. The parent company retained only modest interests, mainly in engineering and mining under its direct control. In 1981, it made a profit of L1.4bn ($980,000)

Warning on German electrical industry

By Stewart Fleming in Frankfurt

FEARS for West German exports are darkening the recovery prospects of the electrical industry, one of the leading sectors of the Federal Republic's economy.

Commenting on the outlook for the sector in 1983, Dr Wolfgang Seelig, president of the Electrical Industry Association, said that in the wake of a drop in foreign orders in the second half of 1982, negative factors predominated in export markets.

Dr Seelig pointed out that, for example, after strong growth in recent years, prospects in Opec and developing countries were now not encouraging. West German manufacturers would therefore have to boost their sales in the highly competitive markets of the industrial countries, especially the U.S.

In spite of the uncertainties, however, the association predicts that after two years of declining output in real terms, 1983 will see a rise of between 1 and 2 per cent in production as the West German economy recovers in the second half of the year. However, it expects employment to continue to decline, by about 2 per cent, before rising next year.

Last year, production in the electrical industry in West Germany rose in nominal terms from DM 94bn to DM 95bn, in real terms a decline of 1.4 per cent, a similar decline to that of 1981. Production of investment goods fell by 2.5 per cent in real terms while consumer goods output stagnated.

The outcome would have been much worse but for the boost to demand in the first half of the year from booming exports. Export sales rose by 11 per cent in nominal terms to DM 49bn while domestic sales were unchanged at slightly more than DM 68bn. Thus, for the year, sales rose from DM 112.8bn to DM 117.6bn, a rise of 4.3 per cent in money terms but only 0.9 per cent in real terms.

The 1.4 per cent real decline in productioo led to a further slump in capacity utilisation to about three quarters, the association estimates. The oumber employed in the industry, more than 1.1m a decade ago, is now down to 942,000. Capital investment stagnated about DM 5.5bn.

Behind the real decline in production lay significant output cuts in such important sectors as telecommunications and electricity distribution.

Bertelsmann seeks to enter cable TV sector

BY OUR FRANKFURT CORRESPONDENT

BERTELSMANN, the West German media concern, is seeking to enter the cable television industry and build up its stake in other visual media during the 1980s.

Although the company is still going through a phase of consolidation, it sees new visual technology as a future growth area, gaining some ground in relation to its book, magazine and audio interests.

Bertelsmann, one of the world's largest media groups along with RCA and CBS of the U.S., has reported an 8 per ceot rise in sales to DM 6.04bn ($2.5bn) in the year to last June 30 – a slowing down from the 16.6 per cent growth of the previous year.

For the first time, slightly over half of its revenues came from abroad.

Group net profit rose to DM 105m from DM 63m the previous year, but more than half the increase was due to different treatment of pension reserves.

Book and record clubs contributed 31 per cent of revenue; the Gruner & Jahr magazine subsidiary 29 per cent; printing, publishing and manufacturing 29 per cent; and music, film and TV 11 per cent.

Dr Mark Wössner, the recently appointed chief executive, said he was convinced that Bertelsmann's task in the 1980s was to exploit the "new media" of visual communications – and so to cater increasingly for viewing as well as reading and listening.

Bertelsmann was ready to invest in cable TV in West Germany, but was anxious for government decisions on how revenue could be earned, be said.

He believed that plans had been abandoned for Bertelsmann to join Deutsche Welle, the West German foreign radio service, in a cable TV project in the U.S. because Bonn refused financial aid.

Bertelsmann already has video interests, including production of video discs and video cassettes. It markets some U.S. video games in Germany, Austria and the Benelux countries.

Later this year, it plans to introduce video cassette lending at its chain of book club centres in Germany, giving it a dominaot position in the market.

Dr Wössner said that the group was concentrating at present oo rationalisation and selective growth after a decade of rapid expansion.

He said that new long-term expansion might lead eventually to a stock exchange listing.

Baldwin-United in debt talks

BY RICHARD LAMBERT IN NEW YORK

BALDWIN-UNITED, the controversial Cincinnati-based financial services group, is attempting to restructure the debt which it took on last year in connection with a $1.2bn acquisition. The group said yesterday that it was negotiating with its lenders to extend the term of these loans, initially through to the end of June, and thereafter with a view towards reaching agreement on longer term refinancing arrangements.

Baldwin bought MGIC investment corporation last March with the aid of a ooe-year bridging loan of some $600m. It said oo several occasions that it would pay off the debt through asset sales and other restructuring, and at one stage hoped to have completed the job by the end of 1882.

MGIC claims to be the leading residential mortgage insurer in the U.S. and is also a major financial guaranty insurance firm.

Uotil the end of the 1960s, Baldwin's only business was the production ol high quality planos, but under the lead of its presideot, Mr Morley Thompson, the group expanded at a hectic pace into insurance, leasing, banking and other financial services.

The company is best known for the sales of its single premium deferred annuity.

However, the company has come under a cloud in receot months, last year it injected over $200m into the capital ol a major subsidiary in order to prevent a possible capital shortage under Arkansas insurance law. More recently, there has been speculation that some big securities firms have curtailed their sales of Baldwin's annuities.

According to yesterday's statement, the aim of the negotiations is to convert the MGIC acquisition debt to a term loan and to convert outstanding short-term debt to a revolving credit agreement. Both interim and term arrangements would use the stock of principal subsidiaries as collateral.

Bankers Trust to float $500m Greek loan

By Peter Montagnon in London

BANKERS TRUST is to be an agent for the $500m seven-year loan now being assembled in the Euromarkets for Greece.

Terms oo the loan were formally settled yesterday to include a margin of ⅞ per cent over London Eurodollar rates for seveo years. Repayments begin after a grace period of four years.

Besides Bankers Trust other lead managers include Bank of Nova Scotia, Bank of Tokyo, Citibank, Dai-Ichi Kangyo, Gulf International, Kuwait Foreign Trading Contracting and Investment Company, Lloyds Bank International, Orion Royal and Sumitomo Bank. It is understood that this group could still be expanded.

Five banks have replied positively to Portugal's request for lead managers for its forthcoming $400m loan, Sr Walter Marques, State Secretary at the Portuguese Treasury, said yesterday.

Eurobond report, Page 38

WEEKLY U.S. BOND YIELDS (%)

	Mar. 9	Mar. 2	1982-83 High	1982-83 Low
Composite Corp. AAA	11.28	11.28	14.88	10.83
Composite Corp. AA	11.48	11.43	15.24	11.18
Government:				
Long-term	10.56	10.39	14.02	10.18
Intermediate	10.10	9.91	14.24	9.91
Short-term	9.81	9.31	14.52	9.23
Municipal	N/A	8.92	12.98	8.92
Industrials AAA	11.14	11.08	14.49	10.55
Industrials AA	11.46	11.27	14.79	10.96
Utilities AAA	11.44	11.38	15.27	11.11
Utilities AA	11.51	11.59	15.69	11.39
Preferred Stocks	10.83	11.05	13.35	10.71

Source: Standard & Poor's

Oslo policies check Christiania profit rise

BY FAY GJESTER IN OSLO

CHRISTIANIA BANK, one of Norway's largest commercial banks, says rising profits more than kept pace with a steep increase in total assets last year. The bank is paying a 13 per cent dividend for 1982 compared with 12 per cent for 1981. New shares, purchased last year, will receive half dividend.

The board's annual report notes, however, that last year's results were "not as good as could be wished," despite the marked improvement on the year earlier. It points out that profitability was hit by the high interest rates which the bank had to pay during the year on its short-term borrowing – a result of the Government's stringent credit policies.

Since these policies have been relaxed somewhat this year, and since interest rates abroad are showing a downward trend, there is a good chance that rates on the Norwegian market will also decline. This will make life easier "both for the banks and for business and industry generally." Even so, says the board, 1983 is likely to be another difficult year for many Norwegian firms with profits and markets continuing bleak.

Christiania's operating profits in 1982 reached NKr 321m ($41.6m), compared with NKr 235m in 1981, and as a proportion of average capital employed rose to 1.13 per cent, from only 1 per cent. Net interest income increased by NKr 166m to NKr 932.5m, and, as a proportion of average capital employed, reached 3.29 per cent, compared with 3.24 per cent.

Other operating income, including profits on foreign currency transactions, rose by 11.6 per ceot to NKr 413.3m.

Last year saw a further expansion of the bank's foreign activities, which already included stakes in banks in New York, Zurich and Paris, as well as a wholly owned subsidiary in Luxembourg.

In a series of 50–50 joint ventures with Sweden's Post Office Bank, PKBanken, it established subsidiaries in London, Hong Kong and Singapore.

The London bank now handles all Christiania's Eurocurrency new issue business, apart from new issues in Euro-Norwegian kroner, which are still managed out of Oslo. Christiania and PK also operate joint representative offices in Houston, Texas, and in São Paolo, Brazil.

INTERNATIONAL COMPANIES and FINANCE

The takeover of CDCP has sparked a fiery reaction, reports **Emilia Tagaza**

Filipino concern over state share buying

THE GOVERNMENT takeover last month of Construction and Development Corporation of the Philippines (CDCP), the country's largest construction company, has heightened the debate over the Government's growing degree of control of major private corporations. Apart from CDCP, the Government now has controlling interests in many of the country's major luxury hotels, big mining companies and manufacturing concerns — all accomplished within four years of buying into private companies' equity.

But foreign banks and multilateral lending agencies which have substantial exposure in the Philippines are not happy with the way with which the Government has been taking over companies, even if the rescue of distressed concerns that show promise of being profitable in the future is involved. One foreign banker says that the Government is nursing ailing companies with public funds, and that "this is worrying because government ownership in sick companies is haemorrhaging the country's budget, which has been cut under pressure from international creditors."

The Philippines has just obtained $510m in concessional facilities from the International Monetary Fund (IMF) to help tide it over its balance of payments problems—the deficit last year reached $1.1bn, double the $560m shortfall incurred the year before.

In granting the amount of the loan, the IMF had set certain conditions on the Philippine Government, primarily the cutting of its Budgetary spending, partly through the reduction of its outgoings on corporation equity account. "Considering the pressure on the budget, the takeover and sustenance of sick companies are exercises the Government could ill afford," says another banker.

Meanwhile, the Philippine Chamber of Commerce and Industry (PCCI), an influential group of local businessmen, has also criticised the State's involvement in business. The PCCI argues in general that incompetent management of ailing companies should not be rewarded with security of tenure for the sake of continuity alone. It also says that salvaging the distressed CDCP "does not appear to be the most prudent and optimal use of scarce resources, most especially during these difficult times."

The Government began to take on a high profile in private business in the late 1970s, when the Development Bank of the Philippines (DBP) started to convert its loans to big hotels into shares. When Manila hosted the 1976 annual meeting of the IMF and the World Bank, 10 huge hotels were constructed on Government encouragement. Funds came mainly from two state-owned banks — the DBP and the Philippine National Bank (PNB). However, the hoped-for number of tourist arrivals has not materialised, and most of the hotels have fallen into the red, disabling them from paying off their loans. Since then, DBP and PNB have been converting debts into equity.

The rate of conversion of debts into companies' shares became even more frenetic after 1981, following a run of withdrawals from banks and other financial institutions precipitated by the repercussions of the Dewey Dee affair. Dewey Dee, a Filipino-Chinese banker and industrialist, left the country with some 635m pesos ($67m) in outstanding debts, mostly unsecured. His departure resulted in a major crisis in the capital market, with corporate borrowers scrambling for funds.

In order to prevent the shutting down of fund-starved but viable companies, the central bank created a 5bn peso ($580m) rescue fund. Money was loaned to distressed companies in exchange for government shares in ownership and management. The DBP, PNB and the National Development Company (NDC), the Government's investment arm, served as the major channels of the rescue fund.

CDCP was the first beneficiary of the rescue fund. Beset by short-term debts carrying high interest rates, CDCP was on the verge of financial collapse. To avert this, NDC injected some $35m.

However, two years after the rescue operation, CDCP still showed little improvement in financial performance, and the Government two weeks ago gave further aid. A total of 3.9bn pesos in loans from state financial institutions — mostly from PNB—were converted into shares, raising the Government's interest to 90 per cent.

The CDCP takeover has been supported on the grounds of the $1bn-worth of contracts it is currently undertaking. Most of CDCP's projects are abroad, mainly in the Middle East, and the Government does not want to spoil its record as a reliable contractor. Moreover, the Middle East projects have provided a fertile market for the Philippines' manpower exports, the foreign exchange earnings of which have become the country's single largest dollar earner. Remittances by Filipinos working overseas, more than 60 per cent of whom are in the Middle East, reached almost $1bn last year.

Mr Roberto Ongpin, the Trade and Industry Minister who has now taken over as CDCP president, has also said that the collapse of CDCP, with its huge overseas contracts, could trigger cross-defaults which could, in turn, undermine the Philippine financial system.

Private businessmen also resent the Government's substantial involvement in companies as they see it as a formidable competitor which commands almost limitless resources. The president of a local insurance company says: "If the Government continued with its present policy, private firms would soon make up the minor business sector in the country."

One foreign banker has said that it would help the Government greatly if it allowed the liquidation of some of the companies it has taken over, specially the unredeemable ones. He said that some are worth rescuing, but instead of stretching its budget on these weak companies, it could open up their majority ownership to foreign companies. Under Philippine laws, foreign companies can own only up to 40 per cent of non-pioneering companies.

"Some foreign companies may be initially wary of buying sick firms. But I could see them venturing into the Philippines, and they could easily resuscitate distressed firms with their long financial strings. The foreign option is one thing that the Government could consider as an alternative to its own heavy exposure in private companies."

Mr Panfilo Domingo, for 10 years the president of Philippine National Bank (PNB), the country's largest commercial bank, retired just after the Government announced its takeover of CDCP. The timing of his retirement raised the idea that the move was helped along by the CDCP takeover.

PNB, which has been CDCP's major creditor, became the concern's largest stockholder, holding 40 per cent of the capital stock. Many, therefore, expected that Mr Domingo would take a post at CDCP.

Mr Roberto Ongpin, the Trade and Industry Minister and chairman of the National Development Company, now holding the second biggest interest in CDCP, was named president mainly by virtue of his deep involvement in the construction industry. Mr Ongpin heads the Philippine Overseas Construction Board.

At the PNB stockholders' meeting last Tuesday, Mr Domingo said that his retirement, which has been accepted by President Ferdinand Marcos, was prompted by an eye ailment. Known as a "rebel banker" because of his unconventional and bold ideas, Mr Domingo, 57, spent his entire 35-year banking career with PNB. Mr Placido Mapa, Jr, director-general of the National Economic and Development Authority, has been appointed to the PNB board.

During Mr Domingo's term as president, PNB reported record profits and assets. Last year, the bank's assets amounted to 6.8m pesos (U.S.$6.8bn). However, net profits declined primarily because of the higher cost of funds and increased operating expenses. Last year's net income reached 159m pesos ($18.7m), down from 1981's 230m pesos.

United Overseas Land to make S$150m issue

BY GEORGIE LEE IN SINGAPORE

UNITED OVERSEAS LAND (UOL) has announced that it is seeking fresh funds through a public issue of S$150m (U.S.$72.2m) convertible unsecured loan stock with a ten-year life. The announcement follows the group's modest 9 per cent rise in pre-tax profits to S$18m for 1982.

Net profits fell by 14 per cent to S$7.3m after a sharp rise in the tax charge of 34 per cent to S$10.7m.

The earnings growth was sharply lower than the 71 per cent increase in group pre-tax profit achieved in 1981.

UOL, which is a property company in which the United Overseas Bank group has a controlling interest, said the purpose of the loan stock issue was to raise long-term funds to finance its on-going projects.

Preference will be given to applications by ordinary shareholders on the basis of S$1 nominal of loan stock for every ordinary share held. The major shareholders are expected to apply for their preferential entitlement amounting to S$45.5m.

Hitachi Zosen plans to cut costs by 20%

HITACHI ZOSEN, one of the largest Japanese shipbuilding companies, is planning a rationalisation programme for the coming year, aimed at cutting costs by 20 per cent and increasing its international competitiveness, especially against South Korea, reports Reuter from Tokyo.

Hitachi Zosen plans capital spending of about Y10bn ($42m) in 1983-84, against an estimated Y13.8bn in the year to March 1983.

Most of the 1983-84 spending has been earmarked for the introduction of industrial robots and other cost-saving equipment.

Bahrain Middle East Bank shows profits of $10.9m

BY MARY FRINGS IN BAHRAIN

BAHRAIN MIDDLE EAST BANK (BMB), which is due to open its offshore banking unit (OBU) at the end of this month, made profits of $10.9m in 1982. The board of directors has decided to retain earnings for the first three years.

BMB's issued capital of $200m has been half paid up since May last year, following a public offer of 17½ per cent of the stock which was more than 600 times over-subscribed. The bank subsequently acquired 11 per cent of Grindlays Holdings and 25 per cent of Cavendish Guarantee Trust, a small London deposit-taker which had been set up a year earlier by two of BMB's Kuwaiti directors.

The balance-sheet shows total assets at the end of December of $140m, customer deposits of $15m and loans of $51m. Mr K. J. A. Katchadurian, the general manager, said BMB had already participated as co-manager in a $225m sovereign loan to Jordan (led by Arab Bank Investment Company), and was currently looking at another 40 loans and trade financing arrangements.

Bahrain International Bank (BIB), which is also gearing up for the opening of its OBU, has reported a 1982 profit of $24m. In January last year, BIB offered to the public 15½ per cent of its $150m issued capital, and fully paid capital, and the offer was 417 times over-subscribed.

The balance-sheet shows total assets of $208m and loans and advances of $31m. BIB has not yet taken deposits from clients.

Hanimex moves into red

BY LACHLAN DRUMMOND IN SYDNEY

HANIMEX CORPORATION, the Australian photographic equipment distributor and manufacturer, saw a A$1.32m profit turned into a A$3.39m (U.S.$2.9m) net loss in the half year to December 31 after A$2.7m of abnormal debts for stock and equipment write-offs and bad debts were made.

There were also further extraordinary provisions for future expected losses from the company's withdrawal from Bicycle Manufacturers and Business Computer Distribution and A$476,000 charge to cover severance payments for former directors. These left the final loss at A$4.2m compared with a A$1.94m profit previously. The dividend, 4.5 cents previously, has been passed.

The abnormal and extraordinary items reflect the efforts by the new controlling shareholder, Burns Philp, to turn around the group, which had a A$2.5m loss for all of 1981-82.

David Jones lifts dividend

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DAVID JONES, the Australian retailer which is a subsidiary of Adelaide Steamship Company, has raised its interim dividend from 7.5 cents a share to 10 cents for the six months to January 29, 1983, despite a 12.4 per cent decline in gross profit.

Gross profits for the period were A$17.1m (U.S.$14.6m), against A$19.5m previously, but tax was lower (A$2.6m against A$3.6m), and net profit was 9.7 per cent lower at A$13.2m (A$14.7m).

After taking in equity-accounted profits from associated companies, which contributed an extra A$1.99m against A$544,000 previously, the attributable net profit was put at A$15.22m, against A$15.2m.

TECHNOLOGY

EDITED BY ALAN CANE

EUROPE FAILS TO PROVIDE A FLOW OF PRODUCTS

Battleground for chip manufacturers

BY ELAINE WILLIAMS

EUROPE has been dismissed as a major source in developing silicon chip making equipment by both U.S. and Japanese manufacturers presently battling against each other for domination of the world market.

At a major exhibition of predominantly U.S. equipment held by the Semiconductor Equipment and Materials Institute in Zurich this week, Mr Friedrich Weller, managing director of Applied Materials in Munich and a senior member of the industry's trade association, said that efforts of various European governments to encourage the growth of the equipment manufacturers have "yet to produce a meaningful flow of products."

Semiconductor equipment makers are the bedrock of the electronics industry. They make the advanced equipment which allows silicon chip designers to produce smaller and more sophisticated circuits at ever-decreasing cost.

Fragmented

They provide a wide variety of equipment and materials for chip making from the basic chemicals to the latest wafer stepper machines used to imprint the fine patterns on the silicon wafer which will eventually become a complete electronic circuit. Even testing components after manufacture can be included in this diverse and fragmented industry.

For many years the U.S. industry has held sway over this market with its main occupation fighting the invisible enemy of dust and dirt. Microscopic particles of dust and dirt are responsible for destroying millions of integrated circuits during manufacture.

Now, its attention is firmly turned to beating off the Japanese competition which has become more evident since the late 1970s. This followed the Japanese government's funding of the very large scale integrated circuit programme which was designed to allow Japanese companies to catch up with U.S. technology. To do this it was strategically important to develop the manufacturing equipment as well.

In a relatively short time Japan dominated its home market for chip-making equipment and has now an estimated 35 per cent of the U.S.$1.6bn world market. Last year was not a good year for the industry with sales growing at less than 5 per cent—probably the lowest in the industry's history.

This year growth is expected to be in the region of 8 per cent with higher growth in subsequent years. The U.S. still has the lion's share of this market with some 55 per cent of the total. A mere 10 per cent left for other foreign manufacturers.

Ironically, Europe is a growing market for semiconductor equipment and is an increasing battle ground for Japanese and U.S. makers. France, West Germany and Britain all have programmes under many names to encourage the growth of indigenous companies. For example, British companies can obtain funding for new products under the Microelectronics Industry Support Programme (MISP).

E.T. Electrotech, one of the few dozen British companies involved in the exhibition held at Zurich, has benefited from MISP funding. It expects a turnover of about £10m this year and exports 80 per cent of its products. It believes that British companies should not be dismissed so lightly and that the technology is just as good in the UK as anywhere else in the world.

Its main criticism is that while the government agencies have been very supportive in the development of the company's products, little effort has been put into encouraging universities and other government funded bodies to buy British equipment rather than look to the U.S.

As well as home grown industry, there is some evidence that overseas companies are being attracted to the UK. This is highlighted by the recent announcement that Align-Rite, a Californian producer of photomasks for semiconductor manufacture is setting up a factory at Bridgend, South Wales.

It is being set up in Wales' first science park obviously attracted by grants and the nearby Inmos factory, though it will service the European market. It aims to provide the most advanced masks—used in the pattern-making process for chips—yet available in the industry.

Jittery

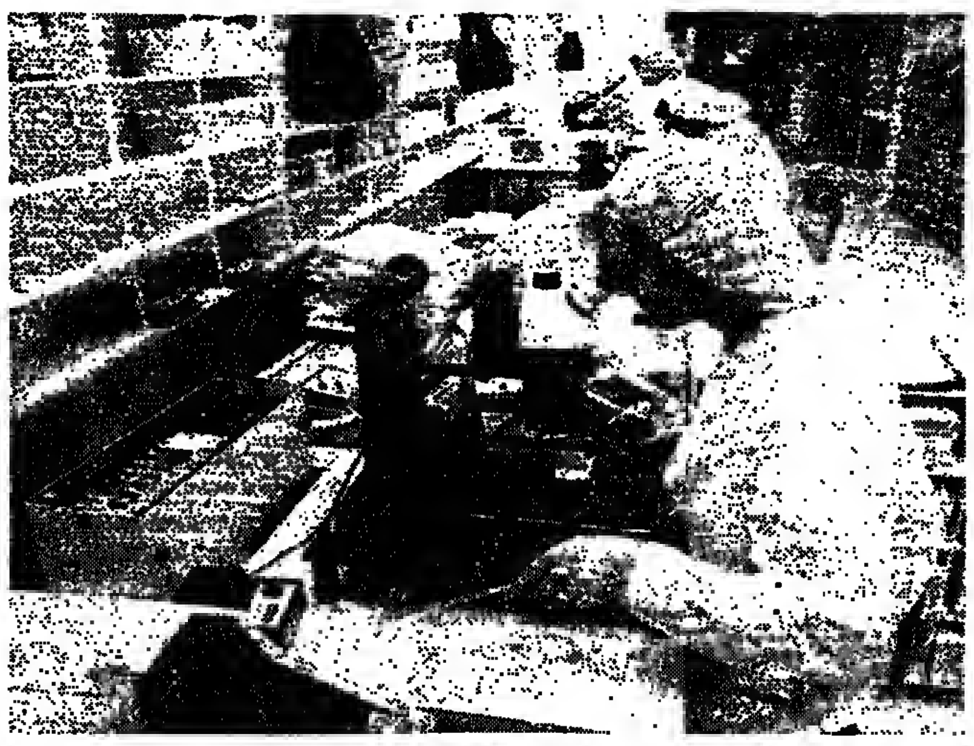
But the main battle is being fought on U.S. soil. That the U.S. is feeling very jittery about its position is highlighted by the fact that the Semiconductor Equipment and Mateirals Institute, SEMI, which represents 700 manufacturers—mainly of U.S. origin — is spending U.S.$11m over the next two years in funding research at 35 U.S. universities.

This is a significant injection of private funding in the electronics area. In previous years total industry contribution to university research amounted to some U.S.$20m, SEMI said. So this increases funds by more than 50 per cent.

It is doing this through a company called the Semiconductor Research Corporation it set up two years ago. The aim is to to set up between 10 to 14 centres of excellence in research and to train the engineers that the industry needs. The research will concentrate on developing new process technologies and increase automation of the chip making process.

SEMI is also trying to increase standardisation in the industry since it believes that automation can then be more easily achieved. Too much human interference in the chip making process is one of the main reasons why chips become contaminated. Currently, there are more than 2,000 industry volunteers working on 18 standard sub-committees.

"This automation programme must be carried out on an international basis if it is to succeed," says Mr Michael Ciesinski, SEMI standards coordinator. "There are just too many different manufacturers, with different types of equipment and capabilities to leave a company of any significant size out of the standard setting process."



Work at the National Semiconductor chip manufacturing plant at Santa Clara, California

SMOOTH START-UP IN INDUSTRY

Chip to control induction motors

BY ANNE CHARNOCK

A SINGLE chip, programed to control three-phase electric induction motors, is now commercially available which saves energy, allows heavy industrial motors to start up smoothly and switches off operations when a fault is detected.

Fairford Electronics, a small Devon-based firm, is programming Motorola chips and selling them at less than £30 to existing manufacturers of control gear. Already the development has been described as "unique" by Laurie Acton, products manager for GEC industrial controls.

According to Ray Bristow, initiator of the controller's development, the real breakthrough has been in analysing the highly complex logic involved in three-phase control and reducing the number of programming statements to fit onto a single chip. An electrical engineer by profession, Bristow first considered the potential for a microprocessor controller in 1979 and teamed up with two researchers at Plymouth Polytechnic to carry out development work.

The chip is programmed to monitor the amount of work being done by an electric motor and alter the power intake to match. It assesses the work output, or the "load," by constantly monitoring the phase lag between voltage and current waveforms, which increases as the motor's load decreases.

But the Fairford chip is not merely aimed at energy savings. According to Bristow, because the chip controls the amount of energy going into the motor, it can increase the supply gradually to provide a so-called "soft start," reducing the degree of stress endured by heavy industrial machinery when switched on.

A Fairford soft starter will be a tough competitor for electromechanical devices, such as the Star Delta Starter, which currently dominate the market. These are crude systems, not to mention bulky and noisy, and they apply full power in just two steps.

If a small, Fairford-based control box is installed, the operator selects a start up period of between ½ second and 20 seconds and the power is applied smoothly. Even the "in-rush" current which first magnetises the machine is eliminated and Fairford claims this to be a unique achievement.

Price will be a big attraction. Pay-back for a Fairford-based controller is put at around three months — depending on the extent on energy savings — a fraction of the pay back on electromechanical starters.

The chip is also programmed to detect faults resulting in loss of current in a phase. When this happens the motor is automatically shut down.

Bristow and his team worked for three years on minimal financial resources and were rescued from cash crisis by the Intermediate Technology Development Group, a London-based charity which provides technical advice to local enterprise trusts.

Brian Padgett of ITDG, an innovator in his own right having developed the spray-cooled alternator and mechanical constant speed drives for aircraft, sees the Fairford device as "the most exciting development in motor control gear for the past 30 years." The main problem he says is the "credibility gap."

According to Acton "I personally believe that in the next five years we will see a turnaround with electromechanical starters being replaced by a Fairford form of system. I can't understand why people in the microprocessor business have not seen this opportunity before now."

Earthquakes

Derritron Electronics

LAKE STEVE, a new company formed to acquire the earthquake simulation interests of the Derritron group which went into receivership late last year (see this page March 7) has asked us to make clear that it is now trading as Derritron Electronics and Servotest and providing earthquake simulation services.

PETROL PUMP CONTROLLER FROM GILBARCO

Price setting for fast throughput

UNDER DEVELOPMENT by Gilbarco of Basildon are a petrol pump controller T12E and a retail data system designated T15, the first to go into production soon and the second intended for early field trials.

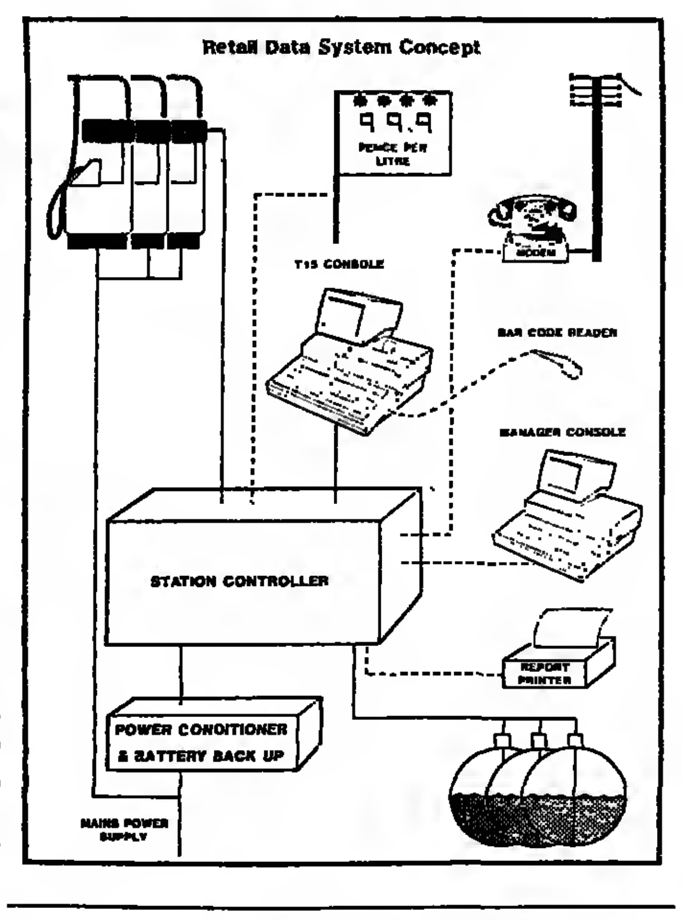
The T12E can cope with the data flow from up to 12 Highline petrol pumps by buffering, allowing faster forecourt throughput. It has central price setting at two levela for four fuel grades while money and volume totals are available in a variety of formats, with fuel stock data.

The T15 is a single kiosk forecourt controller/console combining self-service pump control, cash register functions, and an interface to electronic tank contents gauges. A practical cash control, stock reconciliation and business operating report structure is built in.

Among the additional functions available are a magnetic stripe reader for agency and credit card transactions and a modem for transfer of data to a remote computer.

Gilbarco says that when the market demands it the product will also be able to offer bar code reading and price look-up, together with management analytical reports and an automatic price pole sign which changea price with the pumps. More on 0268 3090.

GEOFFREY CHARLISH



BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½%
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	13 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½%
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½%	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½%	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½%	Westpac Banking Corp.	11 %
Citibank Savings	¶ 9 %	Whiteaway Laidlaw	11½%
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk. of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11½%		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	11½%		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of under £10,000 8%. £10,000 up to £50,000 8½%. £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 8%.
¶ Mortgage base rate.

UK COMPANY NEWS

R. Dutch/Shell net income improves

NET INCOME of the Royal Dutch/Shell group for the fourth quarter of 1982 came to £748m, to raise the year's total from £1.88bn to £1.99bn.

Of this, £762m is again attributable to Shell, while the Royal Dutch share goes up from £1.22bn to £1.23bn. Earnings are shown as 69.1p (69.21p) and Fl 21.8 (Fl 122.84) respectively.

Shell is raising its dividend from 20.5p to 21.8p, with a final of 12.6p, and Royal Dutch is paying Fl 17.85 for 1982, against Fl 7.5, the final being Fl 4.65.

At the year-end net assets per share were Shell 613.79p (616.28p) and Royal Dutch Fl 160.97 (Fl 151.24).

Results are on the current rate basis of currency translation. Comparison of the underlying trends of the business is facilitated if the results are calculated on the basis of the estimated current cost of supplies rather than on the first-in first-out (FIFO) method of inventory valuation used by most Shell companies. After this adjustment, 1982 net income would be £1.88bn compared with £1.35bn for 1981.

The result was achieved notwithstanding the recession coupled with falling demand and oversupply of crude oil. However, on aggregation group sterling net income benefited considerably from the weakening of sterling against most major currencies, particularly in the fourth quarter.

The improvement in earnings on the basis of estimated current cost of supplies arose mainly in the manufacturing, marine and marketing sector within the oil and gas segment outside North America. During 1981 group companies had a crude oil cost disadvantage over some of their major competitors with access to low priced crude; this was no longer the case in 1982.

Excluding Shell Oil and Shell Canada, earnings in the exploration and production sector increased as a result of significantly higher North Sea equity crude oil production and a strengthening dollar. Losses continued in chemicals while in metals they increased significantly, reflecting the continuously deteriorating position. Coal recorded a profit, although at a lower level than in 1981.

Shell Oil in the U.S. reported a 6 per cent decrease in dollar earnings for the year. Earnings in oil and gas exploration and production, oil products and chemicals activities were all below those for 1981. However, after translation into sterling the contribution of Shell Oil increased, as a result of the weakening of sterling. Despite improved earnings from the exploration and production sector, Shell Canada's earnings fell considerably, mainly due to a decline in the oil products and chemicals segments.

Tax charges for group companies at £4.22bn were £309m higher than the previous year; this increase arose mainly in relation to oil and gas producing activities.

Capital expenditure at 4.42bn was some 13 per cent above last year and was primarily financed from funds generated from operations. Total of inventories and receivables net of payables decreased by £621m, partly due to a decline in the volume of oil stocks. Long-term debt and capitalised lease obligations (including the short-term part) increased by £594m (excluding the effects of currency translation). Cash and short-term securities rose by £1.08bn and amounted to over £4 trillion (million million) at the year-end. The long-term debt ratio of 26 per cent was the same as at the end of 1981.

With the underlying oil surplus, the mild winter and the uncertain crude oil price situation the market became very unsettled towards the end of the year. So far in 1983 these conditions have resulted in a further downward trend of crude and product prices. The prevailing uncertainties are such that no meaningful predictions can be made as regards oil price levels.

● Royal Dutch/Shell has appointed Mr "Henni" de Ruiter, regional co-ordinator for Europe and a director of Shell Internationale Petroleum Maatschappij, as a group managing director. He will also become a member of Shell Petroleum Board and a managing director of The Shell Petroleum Company.

See Lex

HIGHLIGHTS

Midland Bank surprised the market yesterday by posting an 8 per cent increase in pre-tax profits. The performance owes much to a buoyant result from gilts and full consolidation of Crocker. Adjust for those, but take into account the sharp increase in the bad debt provision and Midland has still put up a strong underlying growth rate. Elsewhere Lex looks at the full year profits from **Lasmo** and the oil group's £45m cash call on shareholders. Elsewhere on the oil scene **Royal Dutch Shell** reported its full year figures showing a marginal increase in net income to £1.99bn. Finally the column considers **Cadbury Schweppes** latest announcement where a better year overseas, particularly in the U.S., has compensated for a decline in the UK.

N. American surge lifts Cadbury to £90m

IN THE second half of 1982 Cadbury Schweppes has attained profit of £59m, which results in an 11 per cent increase over the year—from £80.6m to £89.7m. Sir Adrian Cadbury, the chairman, describes this as a considerable achievement given the modest level of price increases for the company's products.

For the first time trading profit exceeded £100m, rising 17 per cent to £104.8m, and more than half was earned outside the UK, marking a fundamental change in the nature of the company. In one year the trading profit earned abroad has increased from 44 per cent to 56 per cent, he tells shareholders.

The outstanding feature, he says, was an increase in North American sales and trading profits which, including acquisitions, rose to £305.1m (£183.8m) and £19.6m (£8.7m) respectively. This reflected the company's determination to win a greater share of one of the world's largest markets.

All regions apart from the UK made significant gains. At home there was pressure on margins, prices and the need for promotional support. The deliberate policy against this background resulted in increase in volume, and increases and protection of market shares across the range of products.

	1982 £m	1981 £m
Trading profit	104.8	89.5
UK	45.7	52.5
Europe	11.8	8.2
America	19.6	8.7
Australia	12.9	11.0
Other overseas	14.8	12.1
Interest receivable	13.4	11.7
Interest payable	34.5	25.2
Associates	3.0	4.6
Profit before tax	89.7	80.6
Taxation	34.3	29.8
Minorities	8.0	3.7
Extraord. charges*	9.3	12.8
Attributable	38.3	34.3
Pref dividend	0.1	0.1
Ordinary	21.8	20.5
Retained	17.4	13.7

Sales totalled £1.57bn (£1.27bn) and were split as to: UK £782.1m (£706.6m); Europe £190m (£118.4m); America £305.1m (£183.8m); Australia £172.1m (£152m); other overseas £128.5m (£106.2m).

* Mainly covering rationalisation costs incurred in Ireland and now seen in the UK in connection with the confectionery modernisation programme.

The final dividend is 3.5p which lifts the net total from 4.8p to 4.9p per share. Earnings are shown at 17.96p (17.72p) before tax and at 10.98p (11.32p) after tax.

Sir Adrian says the rights issue of 1981 enabled the company to strengthen its position in priority markets when suitable investment opportunities were identified. Cadbury Schweppes now had a strong North American juice business to complement its established confectionery and soft drinks enterprises.

Setting Rioblanco alongside the Schweppes-owned businesses in France, Germany and Italy, the company was now able to develop its European operation in a co-ordinated way and to reinforce Schweppes position as the leading European supplier of non-cola drinks.

Profits of all the recent acquisitions—Duffy-Mott and Holland House in the U.S., Rioblanco in Spain and the Reckitt and Colman industrial cleaning service—were above expectations.

While the expenditure on acquisitions in 1982 was unusually high, the investment in capital assets was in line with the policy of consistently improving capacity to compete.

The company's main source of growth must continue to come from making the most of its existing assets. "To that end, we invested £104.6m in modernising our manufacturing and distribution base, a sizeable increase in capital expenditure over 1981."

Looking forward, Sir Adrian comments: "Nineteen eighty-three will be a year in which we build on the changed pattern of our international business. We shall back our brands in the market place and invest in the efficient manufacture to give good value to consumers. I am confident that the company will show continued progress."

At the year end—January 1 1983—group assets employed had increased from £540.1m to £601.5m. Shareholders' funds were £389.6m (£384.2m), loan capital £147m (£113.8m), net current assets £139.9m (£200.3m), including short-term loans receivable £60.3m (£111.7m), cash £22.4m (£25.1m), and short-term borrowings £100.4m (£53.2m).

Annual meeting, May 5 at noon.

See Lex

J. Bibby tops £15m and lifts dividend

AN INCREASE of 24 per cent in pre-tax profits, a higher dividend total and a proposed one-for-two scrip issue have been announced by J. Bibby & Sons, industrial and agricultural group.

Following a second half boost from £7.26m to £9.58m, pre-tax profits for the year to January 1 1983 finished at a record £15.14m against £12.18m. Turnover expanded from £204.59m to £245.61m.

Looking to the future Mr Leslie Young, chairman, says that the broad spread of Bibby's activities will enable a further increase in profits to be achieved in 1983.

Earnings per 50p share are shown to be ahead from an adjusted 24.16p to 30.45p. The final net dividend has been effectively raised from 4.067p to 5.15p which gives an increased total of 7p compared with an adjusted 5.667p.

The industrial group produced an increased trading surplus due mainly to hospital and laboratory supplies and the first full year's contribution from the industrial services division.

● comment

The market has come to expect firm growth from Bibby but yesterday's pre-tax figure was up to £1m over expectations. Shares climbed 35p to a record 430p. Most of the profits advance came from the agricultural division with a trading increase of some £3.5m, including a sharp recovery on turkeys. The feared flood of French birds did not occur but a slight risk of this persists in the current year. In a desperate market profits from paper activities fell £200,000 but was offset by a similar gain by Sterilin. In the event it was edible oils which provided the biggest setback in an oversupplied market, with an £800,000 dive. Internal action and more stable markets for paper and edible oils indicate a small upturn here next time but the main feature of 1983 should be the first fulltime contribution from Corning Glass, likely to be between £1m and £1.3m—£300,000 last year—against which must be set the interest costs arising on the next two payments totalling £4.4m due in April and October. There could also be a useful pick-up from hospital services. Gearing at year end was only 8.7 per cent leaving room for acquisitions probably in the U.S. At this stage the outlook is for an easy ride to an over £17m total for 1983, putting the prospective p/e around 20.

Midland Bank up despite £196m bad debt provision

DESPITE an £82.6m increase in provisions against possible bad and doubtful debts to £196.1m the Midland Bank group raised its 1982 profits from £232.2m to £251.4m at the pre-tax level, an improvement of 6 per cent.

There was an advance of 29 per cent in group profits before the provision which Mr Geoffrey Taylor, chief executive, describes as "encouraging." He says this provides a clear indication that the measures to improve income as well as contain costs throughout the group are beginning to have a beneficial effect.

Although there will be many challenges to be faced in the months ahead Mr Taylor feels the group is now well positioned for the future.

Meanwhile, a second interim dividend of 17.5p (16p) raises the net total by 1.5p to 25.5p per £1 share.

In his statement accompanying the results Sir Donald Barron, the chairman, reveals that the charge for specific bad and doubtful debts rose to £162m for 1982 and that it was thought prudent to raise the general provision by £34.1m.

He comments that these figures reflect the continuing economic difficulties being experienced by the bank's customers, both domestically and internationally.

The sterling-based domestic banking sector contributed 65 per cent of the group's surplus before tax and loan interest, compared with 62 per cent in 1981. The figures included some £41m which arose from a restructuring, during the year, of the portfolio of gilt-edged securities.

The performance of the Midland clearing bank was encouraging despite an average base rate of 1.3 per cent lower than 1981, a substantial increase in the charge for bad debts and a 3 per cent fall to 28 per cent in the average level of current account moneys, as a percentage of the deposit base.

The remainder of the bank's deposit mix includes 28 per cent of deposit account funds (down from 29 per cent in the previous year) and 44 per cent of funding from the money markets (an increase on the equivalent 40 per cent in 1981).

Net interest income increased by 11 per cent aided by a growth of 18 per cent in the level of year-end advances, and an increase in the margin between average base rate and seven-day deposit rate from 2.5 per cent to 3 per cent. Commission income rose by 20 per cent compared with 1981 and there was a further improvement in the containment of costs, a trend which is expected to continue.

The pre-tax profit of Clydesdale Bank Group fell by 27 per cent to £16.9m. Although "satisfactory progress" was made at the trading level, the performance was adversely affected by a higher charge for bad debts.

In Northern Ireland and the Republic of Ireland, Northern Bank Group continued to suffer from the severe economic difficulties. The level of pre-tax profit was £3.7m, a drop of 56 per cent of 1981 due primarily to an increase in the bad debt charge over the smaller period last year.

The bank declined to state the bad and doubtful debt provisions either for Clydesdale or Northern Bank. It is understood, however, that Northern's bad debt provisions for 1982 amounted to at least £15m.

Forward Trust Group had a good year and was able to improve its level of profit before tax by 20 per cent to £35.5m, assisted by a lower charge for bad debts and a rigorous control of costs.

Mainly in support of the domestic banking operations, Midland Bank Trust Company, Midland Group Insurance Brokers and Midland Bank Industrial Equity Holdings made satisfactory progress with increased contributions to group profit.

The international banking sector, predominantly currency based, contributed 35 per cent of the profit before tax and loan interest, compared with 38 per cent in 1981.

Midland Bank International increased its level of year-end advances in sterling terms by 17 per cent, although this was inflated by the movement in exchange rates. Commission income rose by 13 per cent and costs continued to be tightly controlled.

However, with margins under continuing pressure and a substantial increase in the charge for bad and doubtful debts, there was a fall in the contribution to group profit compared with 1981.

The group profit includes a full year's contribution from Crocker National Corporation—in 1981 only the last quarter was consolidated. Crocker reported a group pre-tax profit of $92m, an increase of 32 per cent compared with 1981. The position continued to be adversely affected by non-performing loans arising mainly in the real estate sector.

The Midland subsidiary companies operating in Europe had a very satisfactory year compared with 1981. However, considerable difficulties were experienced within Midland Bank Group International Trade Services principally as a result of bad debts arising from the worldwide trade recession.

The difficult travel market together with an exceptional bad debt affected the results of the Thomas Cook Group. A small pre-tax loss of £0.4m was incurred, which compared with a profit of £5.8m for 1981.

Samuel Montagu had a good year and substantially expanded its business.

At the attributable level group profits emerged at £144.6m, against £123.9m previously, after deducting tax of £81.5m (£39.3m), including exceptional credits of £23.9m (£45m), minorities of £4m (£2.8m), extraordinary debits last year of £65.1m for a special levy on banking deposits, and other extraordinary items of £1.3m (£1.1m).

Retained profits came through at £101m, compared with £84.3m.

Earnings per share attributable to members rose from 75.2p to 85.8p basic but were reduced to 79.5p fully diluted.

Total group assets grew by 17 per cent in sterling terms, to £48bn, including approximately 10 per cent as a result of exchange rate movements between the year ends.

Throughout the group, the measures taken to control costs began to make a significant impact. Excluding the figures for Crocker, total costs grew by 13 per cent over 1981, with staff costs rising by 11 per cent.

Looking ahead to this year, Midland said yesterday it expected to see its UK bank staff levels decline by 1,000—the result of 3,000 departures from "natural wastage" and the recruitment of 2,000 employees.

Mr John Brooks, deputy group chief executive, said yesterday the bank would "use every endeavour to avoid redundancies."

Midland said its mortgage loan book at year-end totalled £950m, up from £400m at the end of 1981.

The bank added that its free capital ratio in 1982 was 3.96 per cent, against 3.5 per cent a year earlier.

See Lex

Knight Computer

Shareholders of Knight Computer International have approved a name change to J. S. D. Computer Group International. Trading in the current year remains buoyant, both in the UK and overseas.

UK COMPANY NEWS

Boddingtons up 37.8% at £8.6m

A FIRST TIME contribution from Oldham Brewery and the benefit of £300,000 arising from accounting policy changes enabled Boddingtons' Breweries to raise its pre-tax profits to £8.61m for 1982, an increase of 37.8 per cent over the previous year's £6.25m.

The dividend for the year is being stepped up by 0.5p to 4p per 25p share by an increased final of 2.25p (1.9p) and a scrip issue on a two-for-three basis is also proposed.

Turnover of this Manchester-based group rose sharply from £29.33m to £44.47m and despite the continuing recession volume sales in its outlets increased during the year by 3 per cent compared with 1981.

This was a result of a strong volume rise of some 5 per cent in the second half, following a slight reduction in the first six months.

Sales in the Oldham Brewery area reduced in line with the market but this was offset by the sale of Oldham beers in Boddingtons' wider trading area.

The integration of Oldham Brewery with the group's existing business is proceeding well and the directors are pleased with the results which cover a 10½-month period.

It is pointed out that the underlying trend in the North West remains dull but in the first few weeks of the current year trade of the combined companies has shown a marginal improvement.

Group investment over the year continued at a high level with particular emphasis on the development of the tied and free trade business.

Pre-tax profits included investment income of £740,000 (£316,000) and were struck after much higher interest charges of £603,000, compared with £71,000. Tax rose from £2.44m to £2.96m and extraordinary credits added less at £150,000 (£261,000).

Attributable profits emerged at £4.8m (£4.07m) and earnings per share at 10.84p (11.3p) pre-extraordinary items.

The directors say the accounting policy changes were necessary in order to adopt common accounting policies within both companies.

On a current cost basis pre-tax profits were £7.78m (£5.53m) and earnings per share pre-extraordinary items 8.91p (9.15p).

● comment

Changes in accounting policy mean Boddington's pre-tax profit was more like £8.3m. Even so, the newly enlarged company ended 1982 with profits up 32.9 per cent, of which the parent contributed 12 per cent. There was a 1.6 per cent decrease in volume sales in the Oldham area, subject to a market drive in the current year. However, overall margins remained at their usual healthy levels. In the Boddington outlets, second half volume increased 5 per cent against a national decline of around 4 per cent. The company continues to be buoyed up by strong demand for real ale and sees no reason to introduce new products. It is continuing with its ambitious investment programme and has earmarked in the region of £9m for developing and improving pubs in the current year. Analysts say pre-tax profits could rise to £10m or more in 1983. The price slipped 1p to 254p, giving a fully taxed p/e of 27.

LASMO £10m ahead: £43.6m rights

TO HELP finance a proposed £100m capital expenditure programme in 1983, London & Scottish Marine Oil is seeking to raise £43.6m net of expenses by way of a one-for-three rights issue at 185p per share.

The cash call comes with the announcement of an increase in taxable profits from £113.2m to £123.3m for 1982 and the lifting of dividends from 10p to 11p with a final payment of 6.5p net. The total, forecast the directors, will be at least maintained on the increased capital for the current year.

They say they expect the 12 months to be a period of consolidation. Exploration successes promise well for the future and they consider every effort must be made to see that the company has the financial strength to seize "the opportunities which are undoubtedly there to be taken."

For the year under review, sales moved ahead from £237.1m to £240.9m, from which royalties took £22.9m (£19.2m), production, operating and other costs £58.5m (£77.4m) and exploration expenditure written-off £16.6m (£7m). This left operating profits up from £133.5m to £142.6m, before taking into account share of associates £0.1m (£0.3m), net interest payable £8.5m (£10.4m) and payments of £10.7m (£9.6m) on Oil Production stock.

Tax absorbed £87.1m (£79.8m) for a net balance of £36.2m against £33.4m and earnings per 25p share ahead from 45.5p to 49.4p. Last time there was a net profit of £7.1m from the sale of "make-up oil." This resulted in a decline from £40.5m to £36.2m at the attributable level for 1982. Dividends cost £8.1m (£7.3m) and £28.1m (£33.2m) was retained.

The directors point out that the greater part of write-offs for exploration expenditure occurred in the second half and included a provision of £5m against premium payments on Seventh Round UK licences.

Group cash flow from operations, after tax, was £119m (£123m) and, in addition to capital expenditure of £44m (£49m) in respect of exploration, appraisal drilling and field development, some £200m was spent on acquisitions.

During 1982 the company's portfolio of oil interests was considerably enhanced through these acquisitions which comprise interests in three areas where there is current production (Beatrice, South East Sumatra and various production leases in the U.S.), in one current development project (the Lalang field in Indonesia), in a number of areas where development projects are at the planning stage (Indonesia and the Netherlands) and in various exploration areas.

On December 9, the company purchased properties in Indonesia (jointly with BP) and in Australia, Brazil, Egypt, the Netherlands and, subject to formal government consent, Italy, Norway and the UK. The total cost of these interests, which were formerly owned by Hudson's Bay Oil and Gas Company, was approximately £110m.

A 15 per cent interest in the Beatrice field in the North Sea was bought on October 1 1982 from BP for approximately £80m. Initially this purchase was financed by a one year loan, the repayment date of which has now been extended to June 29 1984. Agreement in principle has now been reached with a syndicate of banks led by Morgan Guaranty Trust Company of New York on the refinancing of this loan as to 62½ per cent by means of a non-recourse loan and as to 37½ per cent in the form of a term loan, both of which are subject to Department of Energy consent.

Production and exploration acreage in the U.S. was acquired in January 1982 for £18m.

These purchases during the 12 months represent a significant expansion and diversification of LASMO's oil and gas exploration and production.

Giving their reasons for the rights issue the directors say around £43m will be spent on development in 1983. Of this the Malacca Strait will account for £12m, SE Sumatra £6m, the Beatrice field £17m, Ninian and Hewett fields £6m and other £2m.

Exploration and appraisal will cost £57m with Indonesia, the Netherlands and Australia taking £18m, the U.S. £7m, UK £28m and other £4m.

The rights issue is being underwritten by Morgan Grenfell & Co. and the brokers are Cazenove & Co. Dealings in the new shares, nil paid, are expected to begin on March 29.

The balance sheet at December 31 1982 shows shareholders' funds of £27.9m (£27.8m), fixed assets of £306.4m (£206.6m) and net current liabilities of £17.4m (£52.5m assets).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barlow Holdings	3	—	2.25	4	3.25
J. Bibby & Sons	5.15	May 26	4.07*	7	5.67*
Boddingtons' Breweries	2.25	May 9	1.9	4	3.5
Cadbury Schweppes	3.5	May 31	3.3	4.9	4.6
Matthew Clark ...... int	3	April 8	2	—	5.25
Corah	2	—	1.65	3.5	2.9
Fife Indmar	5	April 22	4.7	6.3	6
Invergordon Distillers	2.5	June 1	2.5	4	4
W. & R. Jacob	4‡	—	3	6	4.5
Thos. Jourdan	3.85	—	3.5	5.6	5.25
LASMO	6.5	May 18	6	11	10
Midland Bank ... 2nd int.	17.5	—	16	25.5	24
Moben	0.25§	—	Nil	0.25§	Nil
Needlers	4	May 6	4	4	4
Royal Dutch	4.65¶	—	4.50	7.65	7.5
Scan Data†	2	—	Nil	2	Nil
Sedgwick	4.5	April 29	3.75	7	6
Shell Transport	12.6	May 24	11.9	21.5	20.5
Ultramar	9.5	May 25	8	15	13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 16 months. ¶ In Dutch florins. Subject to withholding tax. || Irish currency throughout.

Sedgwick climbs to record £73m

NEW BUSINESS, which has been developed throughout Sedgwick Group has contributed to record pre-tax profits of £72.98m for 1982 compared with £56.44m the previous year. This represents an increase of 29 per cent. Stated earnings per 10p share climbed from 13.4p to 17.5p.

Revenue of this international insurance and re-insurance broker, improved from £168.81m to £217m. Mr Neil Mills, the chairman, says the increase in business resulted in higher interest rates for major currencies.

Expenses for the year were substantially higher at £146.78m against £116.65m. Tax was also higher at £35.07m (£27.65m), and after minorities of £218,000 (£158,000), earnings for the year improved from £30.42m to £37.69m, including an extraordinary credit of £1.42m) to £37.68m.

A final dividend of 4.5p (3.75p) is proposed, making the total 7p net compared with 6p. Dividends absorb £15.11m (£12.82m), leaving retained profits up from £17.2m to £22.57m.

During the latter part of the year, Sedgwick acquired a 50 per cent holding in a new insurance broking company in Switzerland. The new company, Oberhaensli Sedgwick AG, is jointly owned by Oberhaensli and Company AG. Since the year-end, the group has acquired the whole share capital of International Insurance Consultants SpA from Beni Imobile Italie SpA for £400,000.

In February, it was announced that Sedgwick had agreed to acquire North American reinsurance broking company, Capitol Intermediaries Inc of Des Moines, Iowa. Sedgwick later denied rumours that it intended to bid for Alexander and Alexander Services Inc.

● comment

Sedgwick's full year figures appeared amid the same sort of expectations that accompanied its results a year ago, but again a rights issue or an indication of its major acquisition plans had not materialised at the end of yesterday's trading. The share's closed 220p down 3p. The latest figures are £2m below analysts upper forecasts of £75m. At the pre-tax level over half the improvement of £16.5m was accounted for by exchange rate factors while the revenue side exchange rate factors accounted for more than a quarter of the improvement, new acquisitions just under a fifth, and expanding business volumes on the main Sedgwick business the remainder. Sedgwick unlike Faber Willis or other major brokers does not disclose the investment income item on its earnings. Since the group handles more insurance premium than any one of the largest UK insurance companies that item is likely to be considerable. The group's links with Alexander and Alexander remain as close as ever in spite of A and A's takeover of Howden, and the current suggestion is that the group might be poised to take a 20 to 25 per cent stake in A and A to cement relations further. The shares yield 4.7 per cent.

Lower interest helps Invergordon results

ALTHOUGH THERE was a slight increase in pre-tax profits at Invergordon Distillers (Holdings) from £3.81m to £3.93m for 1982, this was after lower interest of £640,000 against £1.05m. At the trading level profits slipped from £4.86m to £4.57m.

The turnover of this Scotch whisky group moved up from £20.78m to £22.1m.

The net final dividend has been held at 2.5p which maintains the total at 4p. Earnings per 25p share are given as decreasing from 16.96p to 15.73p.

At the halfway stage pre-tax profits were lower at £1.74m (£1.81m) and the directors then expected little improvement in the second half rate of profit.

Taxation for the year amounted to £856,000 (£499,000) which left attributable profits down at £3.07m (£3.31m). Dividends absorbed the same again at £780,000 leaving retained profits of £2.29m (£2.53m).

On a current cost basis pre-tax profits were reduced to £2.51m (£2.56m) and earnings per share slipped from 10.54p to 8.49p.

● comment

Invergordon Distillers's shares are trading at fancy prices indeed for a company which has just recorded its fourth year on a profits plateau, and seems to make it five this year. However static profits on the back of a bleak trading environment in two of its three main businesses is as much as the market could have hoped for, and the shares gained 3p to reach 198p. Grain fillings should improve this year, but the prospects for malt filling are still discouraging. One non-trading boost came to the company in the form of a £2m or or so refund courtesy of the EEC cereal fund, and this is the reason, rates apart, for the near 40 per cent cut in the interest bill. Neutral spirit distilling has been a source of comfort in difficult times, but it is a business which the company would prefer to rely on less than it is. Invergordon's own brand product, Scots Grey, is profitable, but until a major distributor is willing to lend a hand, is unlikely to be a significant profits contributor. Assuming roughly same again profits this year, the shares are trading on a fuly taxed p/e of over 20, and yielding under 3 per cent. Whether this is due to the thin market in the shares, or to bid speculation concerning Carlton Industries' 76 per cent bolding, the price could hardly be described as cheap.

BANK RETURN

BANKING DEPARTMENT

	Wednesday March 9 1983	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	1,957,131,704	— 154,609,819
Bankers Deposits	633,472,855	+ 187,051,028
Reserve and other Accounts	2,140,529,895	— 6,948,407
	4,745,687,454	+ 15,492,802
Assets		
Government Securities	448,839,678	+ 52,672,726
Advances & other Accounts	1,386,798,427	— 20,159,671
Premises Equipment & other Secs.	2,891,657,910	— 11,957,069
Notes	18,247,845	— 5,092,795
Coin	143,594	+ 29,651
	4,745,687,454	+ 15,492,802

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	11,025,000,000	—
In Circulation	11,006,752,155	+ 5,092,795
In Banking Department	18,247,845	— 5,092,795
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,431,645,375	— 117,267,566
Other Securities	7,582,339,525	+ 117,267,566
	11,025,000,000	—

UK COMPANY NEWS

BIDS AND DEALS

Ward White pays £6.6m for W. & E. Turner chain

BY CHARLES BATCHELOR

Ward White Group, the fast-growing footwear manufacturer and retailers, is to pay £6.6m cash for the 150-strong W & E Turner shoe shop chain from J. Hepworth, the mens and womenswear group.

Ward White plans to integrate Turner with the Frisby shoe retailing group acquired recently for £6m, although the name may be retained on some shop fronts.

Turner and Frisby have headquarters buildings within three miles of each other in Leicester, one of which will probably be closed.

Turners has been part of Hepworths for only three years and made pre-tax profit of about £104,000 on turnover of £20m in the year ended August 31 1982.

Hepworths will still retail shoes through its menswear and "Next" womenswear shops but Turner was "slightly out of place" in the group, said Mr Jeffrey Rowlay, Hepworth's managing director.

It was nevertheless not actively seeking to sell Turner and the first approach came from Ward White, he added.

The latest acquisition will give Ward White a UK retail chain of about 370 outlets with retail sales of about £40m. It has stores in Wales, in the South of England and the Midlands.

Turner and Frisby serve similar markets but Turner's shops have a larger average turnover, said Mr Philip Birch, chairman of Ward White.

Ward White will be acquiring net tangible assets, including freehold and leasehold properties worth £8.5m. The value of the properties is put at more than £3m.

Ward White will raise the funds from its own resources and existing borrowing facilities. It will pay 20 per cent on completion, planned for March 28, and the rest in stages.

Profitability at Turner was affected by pressures on consumer spending and high unemployment, particularly in the 16-22 age range which was its main market.

This acquisition means that retailing now accounts for nearly 50 per cent of Ward White's turnover. Its shares were an unchanged 85p yesterday. Hepworth's shares rose 3p to 141p.

Barrow Milling stake for Jacob

W. & R. Jacob, the Dublin biscuit maker, is to take a 20 per cent stake in flour miller Barrow Milling by means of a subscription for 1.05m new shares.

Jacob will pay 55p per share thereby injecting I£577,500 (£530,000) into Barrow and becoming the largest shareholder. Barrow has been a supplier of flour to Jacob for many years but the decision of Ranks Hovis McDougall to stop milling flour in Ireland prompted the decision to establish closer links, said Mr Ben Power, Jacob's company secretary.

Jacob and Barrow plan jointly to enter the retail flour market using one of Barrow's brand names "Bolands." The two companies have also signed a long-term agreement whereby Barrow will supply a significant part of Jacob's biscuit flour requirements under contract.

Jacob previously held no shares of Barrow and neither company had any retail flour selling activities.

Mr Gordon Lambert, chairman of Jacob and Mr Leo O'Donnell, managing director, will join the Barrow board.

Jacob has been expanding its biscuit operations geographically in recent years, opening distribution centres in Northern Ireland and in Boston, Lincolnshire.

It has also moved into related food products, dried and canned fruit, dried cereals and instant coffee, the last under an agreement with Jacobs, the Swiss-based coffee roaster.

For the 12 months ended December 31 1982 W. & R. Jacob matched its profits of the previous year despite its associates falling Ir£52,000 into the red, compared with a surplus of I£61,000 previously.

At the pre-tax level the group made £1.6m on higher turnover of £48.84m, compared with £41.5m in 1981.

Although attributable profits emerged lower at £1.47m (£1.56m) after an increased tax charge the net dividend is being stepped up from 4.5p to 6p per share—earnings per share were down to 22.7p (26.1p).

Whittington needs £2.57m for expansion in the U.S.

Whittington International Holdings, the investment property group, is to pay $8.1m (£5.3m) for a 75,000 square foot office building in Parsippany, New Jersey, to be financed by a one-for-one rights issue.

This purchase will take Whittington's gross property assets to £10.26m of which £5.7m will be in the U.S., it said.

A new subsidiary, Whittington America, will pay $2.9m cash and take on $5.2m worth of long-term mortgage debt to acquire the building which has been valued by Jones Lang Wootton at $8.55m. The initial net return is about 10.1 per cent.

The property, built in 1980 and currently fully let, is at a road junction 20 miles west of Manhattan.

Whittington will offer 18m new shares of 5p each at 15p to raise about £2.57m after expenses. The new shares will not rank for the final 0.075p per share dividend over 1982.

JAMES WILKES

The James Wilkes subsidiary, Wilkes-Multimatic, sold the assets of its servicing business to Milldale Services on February 28, for £139,500. Of this £100,000 has been paid in cash and the balance of £39,500 will be paid on January 31 1984, together with interest thereon. At December 31 1981, the net asset value of Wilkes-Multimatic was £37,682 and its net loss was £132,659.

SHERATON SECURITIES

English Association Trust on behalf of Sheraton Securities International announces that Mr Nicholas Tucker and Mr C. R. Freemantle, directors of SSI, and associates have sold at par a total of 4.75m ordinary shares (12.7 per cent of ordinary capital) and £520,000 varying rate convertible unsecured loan stock 1990/1995 to Greenwich International, a corporation controlled by Mr Clarke and Trustees for various members of his family, plus an affiliated company, Clarkdale Development Company, whose other major shareholder is Mr Dale Sorensen.

The varying rate unsecured loan stock may be converted into ordinary shares of SSI between October 1, 1983 and October 1, 1995 at the rate of 10 shares of 10p each (fully paid) for every £1 of loan stock.

Assuming full conversion, Mr Tucker and his family would retain 7.42m ordinary shares (16.27 per cent) and Mr Clarke and associates would hold a total of 9.99m ordinary (21.82 per cent).

SSI will form a wholly-owned subsidiary in the U.S. It will be the intent for this company to become involved in commercial property development and investment with particular emphasis in Florida and the South.

James Austin rejects offer from Trumanns

James Austin Steel Holdings, the Yorkshire-based steel stockholding group, yesterday rejected the 77p share offer from Trumanns Steel Group as "totally inadequate."

The Austin board said the offer, which values the company at £3.47m, was not welcomed and strongly recommended shareholders to take no action.

The board said it had the support of 47.8 per cent of the shares for its rejection—11.5 per cent from directors holdings and a further 36.3 per cent from other shareholders.

Trumann's, a privately-owned company based in Manchester, has held a 25.77 per cent stake in Austin since 1978. Austin's shares rose 6p yesterday to 86p.

LMS OIL BUY

London Merchant Securities has paid $5m for a 60 per cent working interest in the 3,000 acre Navarro Crossing field in Houston, Texas. This is the first time that LMS has bought an interest in an oil and gas producing field. There are 12 producing wells on the field generating a monthly cash flow in excess of $60,000. LMS has plans for development.

It also announced that Drexel Oil company, the group's 67 per cent owned U.S. subsidiary, has made a discovery on the Wright Ranch in La Salle County.

Ray Maughan looks at how the City backed BSR

Recovery sought on the road to Hong Kong

BSR was originally planning a rights issue a year ago. The cash call was designed to raise something in the region of £24m but it may say something about the style and fortunes of the record changer, kitchenware and electronics group at that point that, first, the brokers employed to advise the group knew nothing of the management's fund raising proposals and, second, the group's merchant bank advised that it could not be done.

The group has now found its £32m in a mixture of rights issue proceeds, a new subscription money and rescheduled loans but six months ago the chances of survival were beginning to narrow severely.

It may have been symptomatic of the group's reporting structure at that point that Mr Frank Brown, the recently recruited finance director could not discover exactly when the next board meeting was set to take place.

His concern as to the group's cash position, trading outlook and the dislocation of management communication was relayed to Mr Brian Christopher and swiftly thereafter to Hong Kong.

Mr Christopher is now group chief executive but last autumn he was merely a director, dissociated from the centre of power, albeit with a substantial financial commitment to the company.

Since, as BSR's advisors now recount, the group had held barely one board meeting in the nine months prior to September and because the new finance director was beginning to forecast a severe cash flow deficit, the course open to Mr Christopher and his long-time Hong Kong associate, Mr Niel Stewart, now deputy chairman, was quite clear.

They asked Mr Bill Wyllie, their co-founder in BSR's dominant Astec electronics business in the Far East, to join them.

Big institutional advisors such as Finance For Industry had looked BSR over in September but, on the advice of Morgan Grenfell, the group's merchant banker, they backed off.

By the middle of October last year, a bloodless boardroom revolution had taken place. Mr Wyllie was prepared to join his old Astec colleagues and, foresaking the onset of Hong Kong's dry season for an autumn and winter in the West Midlands, he arrived to unseat Mr John Ferguson, BSR's chairman over the previous 14 years, in the middle of that month.

Suddenly, the difficult became possible. FFI, at the behest of Morgan Grenfell, looked over the project again. A balance sheet which had sprouted gross debt over 200 per cent of shareholders' funds could be re-structured. FFI sent out its industrial advisors to BSR's Far Eastern operations, to the Capetronics centre in Chicago and Taiwan and, not least to the West Midlands record changer production facilities.

The picture FFI's scouts presented cannot have been very enticing. Capetronics was grappling with excess stocks of audio cassettes. Worse, record changer production was bleeding badly. An outmoded product was caught between two vicious prongs of declining demand worldwide and cheaper overseas competition. It lost over £15m before interest and tax in 1982 after losing £4.1m in the first half. As one fund manager said, remarking on the rights issue on Wednesday, "the downside is that BSR still makes record changers."

But there was a way ahead. Smith Keen Cutler, one of the group's brokers, presented ad hoc proposals for a flotation of the Astec business and to eliminate a substantial part of overall debt with the resulting proceeds.

That course was never adopted but during their endless trans-global journeys visiting BSR's production and marketing centres, Mr Wyllie, Mr Christopher and Mr Stewart formulated a plan which the banks and major shareholders have now adopted.

That plan was accepted at the end of November by such a key fund as FFI, the corporate finance vehicle owned by the British merchant banks, for two reasons. In the first instance, the fund is now looking keenly at recovery situations—and BSR certainly fell into that category. FFI has already joined forces with Morgan Grenfell to restructure the ailing electric motor group, Newman Industries, and expects to announce similar ventures in the near future.

Principally, though, the fund is backing Mr Whyllie. Acknowledging his record with China Engineering and latterly with Hutchinson Whampoa, in the Far East, FFI recognises that Mr Wyllie has been on this treadmill before.

FFI also knows that BSR is working round a profitable core. Astec is said to be the largest manufacturer of power switching devices for the computer industry in the world and supplies many of the leading mainframe producers. Competition is growing and prices will obviously come under pressure but the City has now taken the view that Astec has the technology and the production know-how to under cut the competition.

The result of these efforts, which came to fruition on Wednesday, is a comfortable balance sheet and a forecast of a swift return to profitability, if not dividends, this year.

The group and its bankers are sticking uniformly by a pre-tax prospect of £12m for 1983-84 although other brokers close to the company say that the outlook may reach about £14.5m, before the benefits of the rights issue proceeds which could be worth a further £2.5m in a full year.

The group acknowledges that in the UK at least, it has a strategy which has to be proved. Output of the "Monarch" record changers is said to have reminded Mr Wyllie of the Model "T" Ford. Hong Kong, he told aides, has a zero production failure rate.

The success of UK production now rests on three platforms; the ability to improve quality, to develop its market for linear tracking devices (the successor of record changers) and the development of Astec's production for the UK market. Europe, and the UK in particular, are seen as fertile ground for computer sales growth and a robotic production line for power switching devices is planned for BSR's Stourbridge plant.

But, for the moment, BSR's best hopes rest with a product and a management team based far away in one of Britain's oldest colonies.

MINING NEWS

Gencor holds payout and hopes for a better year

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Afrikaner-controlled General Mining Union Corporation (Gencor), the Republic's second largest mining and industrial finance house after Anglo American Corporation, reports 1982 earnings of R267.4m (£163m) or 335 cents per share, compared with R319.8m in 1981.

Income statement	1982 Rm	1981 Rm
Turnover	3,958.8	3,201.2
Operating income	365.9	388.1
Income from investts.	189.1	190.4
Surplus on realisn of invs	13.6	16.5
Making	548.8	596.0
Interest paid	129.3	81.1
Explor and development	14.8	21.6
Investment write offs	25.9	17.2
Income before tax	378.8	476.1
Tax	47.1	67.4
Income after tax	331.5	408.7
Outside hldrs pref divs	64.1	88.9
Attributable	267.4	319.8

A final dividend of 120 cents is declared which maintains the dividend total at 1.9 times covered 175 cents. Gencor says that long-term policy aims at maintaining a dividend cover of 2 to 2.5 times. In the absence of unforeseen circumstances the past year's earnings "will possibly be improved upon in the current year."

After a 12 per cent fall in first-half earnings following the strong performance in 1981, Gencor has seen a pick-up in the second half of 1982. Overall, however, there has been a decline in line with reduced dividend income from the dividends on gold, uranium and platinum investments.

In the past year interest payments have expanded to R129.3m from R81.1m, reflecting loans taken out by the industrial subsidiaries for financing plant extensions.

The surplus on realisation of investments has fallen and, at the same time, there has been a sizeable increase in the amount written off investments and assets. Even so, the asset value per share has increased to 4,024 cents (£24.58) per share at end-1982 from 3,138 cents a year earlier. The shares were £16⅛ in London yesterday.

During the past year South African industrial investments contributed 35.4 per cent of income followed by gold and uranium (25.6 per cent), financial (14.3 per cent), coal 9.4 per cent, platinum (7.3 per cent) and minerals (4.5 per cent).

The outlook for the current year is for a further increase in gold and, maybe, uranium revenue together with a possible improvement on the industrial and finance side. Much, however, depends on the course of the world economy in general and that of South Africa, in particular, the last depending to a large extent on the maintenance of firm gold prices.

Falconbridge to reopen copper mine

CANADA'S Corporation Falconbridge Copper plans to reopen the Lake Dufault copper-zinc-gold-silver mine at Noranda in north-western Quebec early next month, according to Dr Come Carbonneau, the company's president.

The mine has been closed since June last year, when copper prices reached what Dr Carbonneau described as "an historic low," reports John Soganich in Toronto.

Dr Carbonneau explained that the reopening came in anticipation of a medium-term improvement in copper prices and a stabilisation in labour costs.

Falconbridge Copper's other operating division, the copper-gold property at Opemiska in the Chibougamau district of north-western Quebec, has remained in production throughout the recession.

The company had further encouraging news from its Winston Lake prospect in north-western Ontario, where a preliminary evaluation of recent drilling results indicates a deposit of perhaps 3m tonnes, grading an average of 13.3 per cent zinc and 1 per cent copper.

It may be possible to mine the deposit selectively, taking about 1.5m tonnes with average grades of 23 per cent zinc and 1 per cent copper.

The company stressed that these estimates assume continuity between widely-spaced intersections of the orebody. Infill drilling continues in an attempt to establish the size of the deposit.

Amgold profits still trailing bullion prices

THE Anglo American Corporation group's major South African gold share investment company, Anglo American Gold Investment (Amgold), has seen a pick-up in earnings for the second half of the financial year to February 28, but they have failed to make up all the ground lost in the first half.

Net profits for the year come out at R195.5m (£119.5m), equal to 891 cents per share, compared with R246.3m in the previous 12 months. The final dividend is held at the previous year's rate but, following the reduced interim, the total amounts to 960 cents against 1,000 cents last time.

	1983 R000	1982
Investment income	190,747	249,934
Interest	16,700	8,396
Realisn. of investa	1,021	—
Making	208,488	259,332
Admin.	3,389	3,839
Interest paid	213	256
Prospecting costs	4,762	4,537
Profit before tax	200,104	250,700
Tax	3,770	2,286
Profit after tax	196,334	248,432
Pref. divs.	772	2,085
Attributable	195,562	246,347

Inevitably, Amgold's fortunes follow the course of the gold price which fell in the first half of the year and recovered in the second. There is, of course, a time lag between the impact of gold price trends on mine earnings and the subsequent payment of their dividends.

Consequently, Amgold's second half does not fully reflect the recovery in bullion prices seen during the period. There should thus be a further increase in this holding company's revenue in the first half of the current financial year.

The recovery in the gold share market is reflected in Amgold's net assets which at February 28 equalled 13,770 cents (£84.11) per share. The latter were £79½ yesterday and a restoration, at least, of the 1981-82 dividend rate of 1,000 cents is on the cards.

Harmony raises final payment

SOUTH AFRICA'S Harmony Gold Mining, the Orange Free State producer in the Rand Mines group, announces an increased final dividend of 150 cents (91.8p). This compares with last year's final of 90 cents, and makes a total for the year of 235 cents against 210 cents for the previous year.

Arthur Guinness

A modest advance in trading profit is expected in the first half year at Arthur Guinness and Sons, The Earl of Iveagh, chairman, told members at the annual meeting. He said the advance would continue the process of recovery.

Conditions in the company's major brewing markets remained very difficult, he said, and the effect of the recession on disposable incomes would affect consumption.

UK COMPANY NEWS

Moben Group at 16-month stage climbs to £2.35m

BY OUR FINANCIAL STAFF

MOBEN GROUP, whose other interests include furniture manufacturers, achieved a £2.35m pre-tax profit for the 16 months to December 31, 1982 and is returning to the dividend list with a payment of 0.25p net. This was in spite of losses at Cold Shield Windows, acquired from Doulton Glass in February last year.

For the previous 12 months, profits totalled £1.95m on turnover of £34.24m. Sales this time amounted to £69.82m, with those of acquisitions contributing £21.9m.

Trading profit was £3.05m (£2.72m) and consisted of £4.29m (£2.72m) from existing operations reduced by a £1.24m loss on subsidiaries acquired. The taxable result was struck after interest of £696,000 (£777,000) but there was no tax charge, compared with £250,000, leaving the attributable balance at £2.35m (£1.7m).

This gave earnings per 10p share of 4.8p which, when annualised, came through at 3.6p (4.2p). Net assets per share are given at 7.2p (0.1p) and net tangible assets are shown at 2.8p, a turnround from a deficiency of 5.4p.

The directors report that for the six months to the end of 1982, pre-tax profits were £1.26m after bank interest of £112,000. Trading profits were £1.37m, consisting of a £2.23m profit from existing operations and a £857,000 loss from subsidiaries acquired.

They say that it is planned to return Cold Shield to the black during the current year, although before this occurs the completion of its reorganisation will result in further losses in the first six months.

It is also intended to extend the group's manufacturing activities into the machining and fabrication of solid timber products and components. The directors say they are well satisfied with Moben's progress to date and are confident of its continued growth and prosperity.

The balance sheet has been considerably strengthened by capital reconstruction. Net assets amounted to £3.97m at the year end against £57,000 at August 31, 1981. Capital expenditure during the 16 months under review consumed £3.7m, yet overall group net borrowings were again reduced substantially, falling from £3.7m to £500,000 and representing 12 per cent of shareholders' funds.

All administration and accounting of Cold Shield have now been brought under direct control of Moben's head office management. This, the directors say, revealed weaknesses and inefficiencies which have been dealt with. The Cold Shield leased factory in Salford has been vacated and manufacturing transferred to Chadderton, a property already owned by Moben. Overheads have been reduced and productivity, general efficiency and quality have steadily improved, it is stated.

■ MOBEN GROUP
Furniture manufacture, sale, installation

16 months to Dec 31	1982	1981
	£	£
Sales	69.82m	34.24m
Pre-tax profit	2.35m	1.95m
Tax	696,000	777,000
Attributable profit	2.35m	1.7m
Earnings per share	3.6p	4.2p
Dividend	0.25p	—

Ultramar lifts sales and profits in 1982

By Our Financial Staff

FOR THE 1982 year sales revenue, profits and cash flow at Ultramar were all records. As indicated last month with the rights issue details, net taxed profit rose from £90.7m to £104.1m and shareholders receive an increased dividend – up by 2p to 15p, with a final of 9.5p.

The oil and gas producing operations in Indonesia were the major contributor. However, despite reduced profit margins and generally lower volumes of product sales, the refining and marketing divisions also made a profit, although at a considerably lower rate than in 1981. Exchange rate movements were generally favourable.

A summary of the results shows that sales rose by £120.8m to £1.51bn, profit before tax was up £3m to £185.2m, earnings climbed 12.1p to 96.4p, cash flow from operations advanced £22.2m to £158.6m, and £70.9m more was spent on capital account at £219.7m.

Capital expenditure projections for 1983 and 1984 will bring the total for the three years to about £700m. This reflects the completion of a major capital expenditure programme designed to provide a basis for continued growth in the mid-1980s.

The construction of the North Sea Maureen Field production facilities, in which Ultramar has a 6 per cent interest, is expected to be completed before the end of 1983. The group is continuing exploration drilling in North Sea waters and has participated in a number of discoveries which require further evaluation. The present weakness of crude oil prices and the high burden of North Sea tax will probably delay any commercial development of the discoveries.

■ ULTRAMAR
Oil group

Year to Dec 31	1982	1981
	£	£
Sales	1.51bn	1.39bn
Pre-tax profit	185.2m	182.2m
Tax	—	—
Attributable profit	104.1m	90.7m
Earnings per share	96.4p	84.3p
Dividend	15p	13p

DAVID DODWELL LOOKS AT DOWABLE's £24m OFFER

Cope Allman fears split if bid succeeds

COPE ALLMAN International might at one time have been regarded as drawing its strength from businesses which range broadly from packaging to engineering and the hire of gambling machines. Nowadays, a growing number of analysts see not the strength of a "mini conglomerate" but the weakness of a "mish-mash."

In this context, the £24m bid for Cope Allman by the private Dowable consortium must be one of the more predictable events in the City of London this year.

After three years of advising investors to hold Cope Allman shares as a "recovery stock," there have been signs of impatience among analysts. Disposals and redundancies notwithstanding, the group is still struggling to make a profit on sales of more than £180m a year.

"The City is taking steps for management changes where they are seen to be needed," said Mr Lawrence Banks, at Robert Fleming, City financiers and investment trust managers.

Robert Fleming is, indeed, takings steps – two of its investment trusts have joined the Dowable consortium in mounting the bid.

It is no coincidence that Fleming was closely involved with Paternoster Stores, the consortium which recently mounted a successful bid for the UK operations of F. W. Woolworth.

The Dowable consortium, which first lumbered into existence a year ago, comprises three groups excluding Fleming. First is Mr David Wickins, chairman of British Car Auctions. Another member, of the consortium said: "This is his show. He put the bid together, and has got people interested in it."

Second is Mr Michael Ashcroft, who heads the fast-growing Hawley Group, involved in security systems, bedroom furniture manufacturing, commercial cleaning and distribution of amusement machines.

Third is Mr Evan Cornish, head of the privately owned Lin Pac, the UK's ninth largest packaging manufacturer.

"Each of them carries an aura of success and entrepreneurship," said Mr Banks, an enthusiast for their style of business.

For all this, there have been moments over the past year when the consortium seemed likely to collapse before mounting a bid. The most precarious moment was in January when the Sharjah group, based in Kuwait, withdrew for reasons which have still not been explained.

By adding to their individual stakes, and by bringing Fleming in, the remaining triumvirate managed to survive to amount this week's 60p a share cash offer for Cope Allman, valuing the company at almost £24m.

The Cope Allman board has snubbed the bid outright – not only because the price is too low, but because the consortium has refused to give written assurances about the future of employees. The greatest fear is that the consortium will "pick out the plums and sell off the rest."

"The bid is quite unsatisfactory," Mr Manson said. "They say they don't want to break the company up. We have verbal assurances that they are nice people, and would not do anything to harm the interests of employees.

"But once Cope Allman is a private company, there is nothing we or anyone else can do to stop it."

A glance at the interests of the individual members of the bidding group, and those of Cope Allman, quickly shows that the likelihood of the consortium wanting to "fragment" the company is very high.

With Cope Allman's packaging activities, which comprise plastic packaging, the manufacture of cosmetic containers and of aerosol valves, Lin Pac would not only add activities that are complementary to its own, but would become one of the top four packaging companies in the UK. With a combined turnover of more than £200m, it would rank only behind Metal Box, Mardon Packaging (owned by BAT Industries) and Reed International.

Similarly, Mr Ashcroft concedes that the only area of his business so far neglected is "distribution", which largely comprises the distribution of amusement machines. By backing his division into Cope Allman's successful Bell Fruit, he would be linking two logically associated companies and removing some awkward weaknesses in his own distribution activities.

While conceding that fragmentation of the company is possible, the consortium insists that no decisions will be made until it has control of the company and can discover its operations in greater detail.

The Dowable consortium comprises businessmen taking the opportunity to buy a company that is moving slowly towards recovery after deep surgery. It comprises men who feel full recovery would be speedier with new management, and with corporate changes that the present management is reluctant to prescribe.

Profit rise for Corah in year

BY OUR FINANCIAL STAFF

Profit before tax for Corah for the year 1982 has advanced from £1.63m to £2.58m after an exceptional charge of £350,000. The final dividend is 2p to make 3.5p for the period, against 2.9p in 1981.

The exceptional charge is the additional cost in transferring production to the new dyehouse, which forms a vital part in the vertical process of the business, and which caused considerable disruption during the second half.

However, the group is now enjoying the benefits of the increased productivity and efficiency.

Sales of the group, which makes and distributes knitted clothing and fabrics and whose largest customer is Marks and Spencer, rose from £46.82m to £52.29m. Direct exports were up to £7.47m (£6.22m) and now account for 18 per cent of turnover.

Mr Nicholas Corah, the chairman, says the profit was achieved against a background of depressed trading conditions which caused price increases to be held below the general level of inflation. In Canada, the business continued to progess with record sales and profit of £232,000 (£181,000)

This year's profit was also struck after £75,000 for employee share participation scheme. Earnings are shown at 8.7p (5.5p) gross and 7p (4.6p) net.

Looking at prospects, Mr Corah says margins remain under pressure in an adverse trading climate, but the group has an "encouragingly strong" order book and so far this year both sales and production have developed well.

Perstorp seeks listing

BY OUR FINANCIAL STAFF

PERSTORP AB, the Swedish specialty chemicals, special plastics and laminates group, is seeking a quote on the London Stock Exchange by way of a private placing with *international institutions* to raise about £9.3m.

The company is best known in the UK for its product Warerite, which with 30 per cent of the market is the country's second largest selling laminate next to Formica.

The placing, which involves 200,000 free B Series shares at SKr 540 each, representing about 2.5 per cent of the voting control, has been completed with about 100 institutions, mainly in London and New York. The move was underwritten by Enskilda Securities, a subsidiary of *Skandinaviska Enskilda Banken*, and sponsored by British merchant bankers Kleinwort, Benson.

The company is controlled by the Swedish Wendt family who, before the placing, held 75 per cent voting control. This is in the form of A shares which each carry ten votes and cannot be traded with anyone *but another member of the family.*

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	—	148	132	✠Airship Inds.	138xr	+2	—	—	—	—
112	F.P.	16/5	147	128	Assoc. British Ports	144	...	b7.0	1.5	6.9	13.6
‡100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	...	—	—	—	—
‡74	F.P.	21/1	158	108	✠Canvermoor	137	+2	b3.64	2.0	3.8	18.6
‡‡	F.P.	—	220	205	✠Grainger Trust	210	...	u5.8	2.5	2.6	20.1
‡58	F.P.	8/4	119	89	✠HB Elect Comps 10p	90	−5	u1.12	3.2	1.8	20.9
‡190	F.P.	4/3	388	305	✠Microgen	366	+18	b4.0	2.9	1.8	38.1
‡155	F.P.	7/1	255	198	✠Munford & White	230	...	b2.8	2.4	1.6	38.4
‡95	F.P.	4/2	198	145	✠Resource Tech. 10p	159	+1	—	—	—	30.6
‡‡	F.P.	—	110	68	✠Sinclair (Wm.)	88	...	¢4.25	1.0	8.9	21.3
‡‡	F.P.	—	105	5	Do. Defd.	77	...	—	—	—	—
176	F.P.	25/3	303	253	Superdrug Stores 10p	261	+5	bd3.5	2.4	1.8	30.8
120	F.P.	—	125	100	✠Swindon Priv Hos £1	103	...				
‡10	F.P.	11/3	29	22	✠Tele. Services Int 10p	25	+½	b0.2	5.3	1.1	28.5
‡72	F.P.	30/3	107	89	✠Utd. Packaging 10p	101	...	b2.5	3.2	3.5	10.7
‡150	F.P.	18/2	340	265	✠WightCollins2-310p	280	...	bd2.75	8.8	1.4	31.2
—	F.P.	8/3	25	20	Yorks & Lancs. W'rrnts	20	...	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
27,504	F.P.	4/3	102	88¼	BOC 12¼% Uns. Ln. 2012-17	94¾xd	+¼
99,431	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	17¼	+1
¶100	£10	—	10¾	10¼	E. WrcestershireWaterwks7% Rd.Pf.1988	10¾	...
‡‡	F.P.	—	224p	180p	Electro-Protective 7% Cav. Prf.	177p	−1
7,183	£25	—	25½	24¼	Hambros Inv. 6-17% Stpd. Deb. 2018	25¼	+¼
¶	F.P.	29/7	100½	100	Mid Sussex Water 7% Red. Pref. '88-90	100¼	...
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 23/1/84	100⅜	+½
—	—	—	100½	100	Do. 11⅞% Bds. 13/2/84	100⅜	+½
‡97,174	£25	8/5	28¼	22	Pearson (S) 13% Uns. Ln. 2007	28¼	+1
¶100	£10	—	18	12	Sutton Dist. Water 7% Pref. 1988	12	...
96.56	£25	8/7	30½	23½	Swedes 13½% Ln. Stk. 2010	30½	+1

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
280	F.P.	26/2	28/4	338	278	AOB Research 10p	332	−1
‡1140	Nil	—	—	12½pm	4pm	✠Airship Inds.	4pm	−1
280	Nil	—	—	94pm	86pm	Applied Computer	90pm	−2
5½	Nil	4/3	25/3	19pm	9pm	Audiotronic 2½p	17½pm	−½
50	F.P.	8/2	9/3	55	45	Cluff Oil 'B'	48	+1
78	F.P.	7/3	18/3	105	85	Dominion Int. 20p	95	+1
165	Nil	11/3	10/3	183	171	Geers Gross 10p	176	...
90	F.P.	21/2	7/4	156	130	Grosvenor Group	156	...
140	Nil	—	—	54pm	40pm	Magnet & Southerns	52pm	+2
28	Nil	—	—	4pm	2½pm	Mettoy	3pm	+½
27	F.P.	21/7	7/4	35½	32	Mount Charlotte 10p	35	+½
A$1.50	Nil	—	—	57pm	40pm	North B. Hill 50c	40pm	−6
95	F.P.	7/2	21/3	122	106	NSS News 10p	118	...
60cts	Nil	11/3	—	2½pm	¼pm	Rand Lon. Corp. 15cts	¼pm	
58	F.P.	3/2	29/4	75	61	Stakis 10p	75	+2
400	F.P.	4/3	22/4	490½	428	Ultramar	458	+11
21	Nil	—	—	31pm	26pm	Valor	30pm	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. N Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

RESULTS IN BRIEF

■ BARLOW HOLDINGS
Plantation owners and investment Holding

Year to Dec 31	1982	1981
	£	£
Sales	4.82m	10.12m
Pre-tax profit	4.07m	3.77m
Tax	1.48m	1.97m
Attributable profit	2.5m	1.71m
Earnings per share	5.31p	3.63p
Dividend	3p	2.25p

■ FIFE INDMAR
Marine and general engineers

Year to Dec 31	1982	1981
	£	£
Sales	12.21m	16.36m
Pre-tax profit	729,000	772,000
Tax	71,000	96,000
Attributable profit	656,000	682,000
Earnings per share	23.35p	25.41p
Dividend	6.3p	6p

■ NEEDLERS
Chocolate maker

Half-year to Jan 30	1982	1983
	£	£
Sales	—	439,000
Pre-tax profit	135,000	22,467*
Tax	33,000	32,000
Attributable profit	—	—
Earnings per share	4.6p	22.7p
Dividend	4p	4p

** Loss in first half*

■ SCAN DATA INTERNATIONAL
Computer supply and maintenance

Year to Nov 30	1982	1981
	£	£
Sales	4.34m	3.45m
Pre-tax profit	306,000	371,000*
Tax	nil	45,000cr.
Attributable profit	—	—
Earnings per share	13.32p	14.78p*
Dividend	2p	nil

** Loss*

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[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series			March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
O·FL	P	F.260	1	0.10	—	—	—	—	F.265
O·FL	P	F.265	15	1.50 A	—	—	—	—	"
O·FL	P	F.270	11	5 8	—	—	9	16.50	"
O FL	P	F.275	—	—	2	14	—	—	"
			May		Aug.		Nov.		
GOLD	C	$350	90	94	—	—	—	—	$434
GOLD	C	$400	88	55	—	—	—	—	"
GOLD	C	$420	69	08	—	—	6	65	"
GOLD	C	$450	111	95	14	48	10	50	"
GOLD	C	$475	28	16 6	18	08	16	45	"
GOLD	C	$500	113	10.10	96	93	59	36.50	"
GOLD	C	$560	162	5	148	18	0	24.50	"
GOLD	P	$350	18	3	—	—	—	—	"
GOLD	P	$075	11	7	—	—	..	—	"
GOLD	P	$400	186	11	11	17	107	19	"
GOLD	P	$425	60	20	1	22	50	28.50	"
GOLD	P	$450	84	30	—	..	—	—	"
GOLD	P	$475	4	51	—	—	—	—	"
12¾ HL 81 87-61									
	C	F.127,50	0	7.60	—	—	—	—	F.135
	C	F.130	5	5 A	—	—	7	7.40	"
	C	F.105	40	1.90	5	9.60	8	0.50 A	"
	P	F.130	—	—	15	6.20	—	—	"
10¾ NL 80 86-90									
	C	F. 112.50	—	—	10	5	—	—	F.115.80
11¼ NL 89 68 92									
	C	F.110	5	7.20	—	—	—	—	F.117.40
	C	F.115	91	2.808	—	—	—	—	"
	C	F.117.50	45	1.00	—	—	6	3	"
	P	F.115	—	—	—	—	300	2.20	"
7¾ NL 82 69 90									
	C	F.106.50	10	0.60	—	—	—	—	F.110.60
7½ NL 80 87.90									
	C	F.100	08	1.10	—	—	—	—	F.100.10
	P	F.100	20	1	850	1.70	—	—	"

Series			April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ASH	C	F.320	32	41	—	—	—	—	F.361.5
AKZO	C	F.02.50	102	90.40	—	—	—	—	F.52.80
AKZO	C	F.40	00	10	—	—	—	—	"
AKZO	C	F.45	63	6.00	200	6.70	—	—	"
AKZO	C	F.50	—	—	141	6.80 A	105	7	"
AKZO	C	F.55	162	9.50	158	4.40 A	156	5	"
AKZO	C	F.60	—	—	176	6.60	—	—	"
AKZO	P	F.45	—	—	112	1.70	—	—	"
AKZO	P	F.50	62	8	69	4	—	—	"
AMRO	C	F.50	129	4.20 A	71	5.80	—	—	F.53
AMRO	C	F.55	57	1.40	56	9.80	—	—	"
GIST	C	F.140	55	6	—	—	—	—	F.140.70
HEIN	C	F.110	57	60	—	—	—	—	F.126.70
HEIN	C	F.120	247	11	—	—	—	—	"
HEIN	C	F.100	05	5.50	—	—	—	—	"
HEIN	P	F.120	059	1.20	—	—	—	—	"
HEIN	P	F.100	200	4.50	—	—	—	—	"
HOOG	C	F20	30	4.90 A	—	—	—	—	F.23.80
HOOG	C	F.22.50	60	6.70	—	—	34	5.10	"
HOOG	C	F.25	—	—	00	3.50	—	—	"
KLM	C	F160	43	10.50 A	—	—	40	20	F.167.30
KLM	C	F.170	35	7 A	—	—	—	—	"
KLM	P	F.150	—	—	50	8.50	—	—	"
PHIL	C	F.25	40	13.20 A	—	—	—	—	F.38.50
PHIL	C	F.27.50	108	11	95	10.80	5	11.90	"
PHIL	C	F.30	331	8.60	805	8.70	140	9.60	"
PHIL	C	F.32.50	276	6.50	349	6.70	135	7.80	"
PHIL	C	F.05	700	4.40	391	5.20	178	6.50 A	"
PHIL	C	F.40	1639	1.90	200.9	3	425	4	"
PHIL	P	F.36.50	20	0.10	5	0.40	196	1	"
PHIL	P	F.35	50	0.50	545	1.30	72	1.80	"
PHIL	P	F.40	310	2.50	35	3.50 B	20	4	"
RD	C	F.80	55	20	—	—	—	—	F. 69.20
RD	C	F.90	94	10.50 B	1	11.50 B	—	—	"
RD	C	F.100	1580	4.90	494	8.20	27	6	"
RD	C	F.110	874	1.70	085	3.40	140	0.90	"
RD	P	F.90	964	0.50	205	9.20	0	4	"
RD	P	F.100	961	4	93	7.50	—	—	"
RD	P	F.110	81	10	5	14.50 A	—	—	"
UNIL	C	F.200	04	10.00 A	20	16 A	8	20	F.203.70
UNIL	C	F.220	166	4.20 A	66	8	6	11.50	"
			May		Aug.		Nov.		
SIEM	C	DM.260	36	08	—	—	—	—	DM299.80
SIEM	C	DM000	65	15	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 19,025

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 028)	060	70	—	—	2	—	—
" "	280	60	—	—	0	—	—
" "	300	32	36	48	18	16	20
" "	330	10	90	00	26	30	36
" "	360	0	7	—	54	56	—
CGF (USP 466)	390	112	117	—	1½	6	—
" "	420	82	87	—	3	9	—
" "	460	47	66	75	10	66	28
" "	500	99	07	47	00	46	50
" "	550	10	63	34	60	67	70
" "	600	4	10	18	110	117	120
CTD (USP 90)	70	25	97	99	1½	2	3½
" "	80	16	18	60	2	4	8
" "	90	6	10	19	0	6	6
" "	100	3	6	6	6	11	13
CUA (USP 133)	120	17	18	—	6	0½	—
" "	130	7	11	19	7	9	16
" "	140	9½	6	11	15	17	60
" "	160	1	2	6	34	36	03
GEC (USP 210)	180	06	42	47	6	3	6
" "	197	19	—	—	5	—	—
" "	600	—	26	06	—	16	18
" "	217	7	—	—	16	—	—
" "	620	—	16	24	—	62	30
" "	907	3	—	—	01	—	—
" "	240	—	7	—	—	38	—
" "	260	1	4	—	52	56	—
GM (USP 003)	240	2	—	—	1	—	—
" "	250	96	—	—	1	—	—
" "	280	76	32	—	1	0	—
" "	300	56	62	—	8	4	—
" "	300	29	09	46	6	8	10
" "	360	16	22	69	16	19	22
" "	390	4	33	13	39	41	45
ICI (USP 398)	980	9	—	—	6	—	—
" "	300	102	110	—	6	—	—
" "	800	72	80	—	0	0	—
" "	360	44	54	64	4	9	12
" "	390	22	34	44	12	18	22
" "	480	7	16	24	68	36	06
LS (USP 320)	640	2	—	—	1	—	—
" "	260	63	68	75	1	0	—
" "	280	43	49	57	3	0	10
" "	300	24	31	40	6	6	10
" "	000	9	15	99	16	90	23
M & S (USP 201)	160	48	—	—	1¼	—	—
" "	180	97	33	37	2	0	7
" "	200	13	21	27	7	19	17
" "	620	5	10	16	61	26	28
" "	240	2	5	—	36	42	—

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
SHL (USP 452)	390	64	72	80	3	6	12
" "	420	34	40	50	10	14	18
" "	460	7	16	24	26	30	34

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BBL (USP 506)	360	148	153	—	1	6	—
" "	390	116	123	—	6	6	—
" "	420	88	93	103	6	7	13
" "	460	48	63	60	7	15	34
" "	500	85	36	42	85	30	37
IMP (USP 114)	90	67	—	—	1	—	—
" "	100	18	—	—	1	—	—
" "	110	11	16	16	4	5½	0
" "	120	6	9	10	8	10	12
" "	160	6½	6	8	17	16	20
LMO (USP 244)	220	37	47	55	10	18	23
" "	240	30	37	48	16	25	39
" "	260	16	67	35	27	37	40
" "	280	10	18	90	45	52	57
" "	300	4	16	—	68	66	—
" "	330	6	5	—	92	95	—
" "	360	1½	—	—	122	—	—
" "	360	1½	—	—	168	—	—
LNR (USP 86)	80	6	11	13	3	5½	6½
" "	90	4	6	8	8	11	12
" "	100	1½	0	4½	17	20	61
P & O (USP 139)	100	41	46	—	1	2	—
" "	110	30	32	—	2	2	—
" "	120	99	23	67	1½	8	10
" "	130	12	16	19	4	8	13
" "	140	8	6	13	9	16	19
" "	160	2½	—	—	24	—	—
RCL (USP 469)	460	60	70	80	6	8	12
" "	460	00	42	56	17	26	37
" "	500	13	67	35	42	50	63
" "	550	5	16	—	85	87	—
" "	600	9	6	—	136	137	—
" "	660	1	—	—	165	—	—
RTZ (USP 594)	390	140	—	—	1	6	—
" "	420	110	112	—	6	—	—
" "	460	70	80	—	8	16	—
" "	500	45	62	74	16	32	37
" "	550	66	02	44	44	54	60
VRF (USP $106)	56	—	—	—	1	—	—
" "	60	—	—	—	1	—	—
" "	70	6	—	—	1	—	—
" "	60	9	—	—	2	—	—
" "	90	16½	24	—	4½	6½	—
" "	100	10½	17	61	6½	11	16
" "	110	8½	12½	15½	13	16½	18
" "	120	6	8½	11½	19	22½	25½
" "	160	8½	6	6	27	28	29
" "	140	2	4	6½	37	—	00

Mar. 10 Total Contracts 1,863 Calls 1,465 Puts 398

هكذا أصل الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	60.9	64.1		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Mar 3	55.8	59.5		—
MM Flexible Mar 3	47.7	50.3		—
Fixed Interest Mar 1	52.3	55.1		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	212.4	218.7	+0.7	—
Fixed Interest	154.1	154.8	+1.6	—
Property	158.7	163.4		—
Deposit	137.9	137.9	+0.1	—
Mixed	180.4	183.9	+4.8	—
Indexed Stk.	113.4	113.9		—

London Life Managed Funds Ltd.

Equity (P.1	149.2	154.4	+5.4	—
Fixed Int. (P.1	154.8	155.9	+1.9	—
Property (P.1	116.7	120.7	+0.2	—
Deposit (P.1	115.3	115.3		—
Mixed (P.1	141.6	145.1	+3.0	—
Indexed Stock (P.1	119.4	120.2	-0.1	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	266.4	—	-1.1	—
Invest. Tst. Fd. Acc.	276.0	—	-1.1	8.8
Property Fund Cap.	116.1	—		—
Property Fund Acc.	119.9	—		3.3

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU.

Property Fund	282.0	
Property Fund (A)	274.8	
Agricultural Fund	1052.7	
Agric. Fund (A)	1026.8	
Abbey Nat. Fund	223.2	
Abbey Nat. Fd. (A)	222.4	
Investment Fund	130.3	
Investment Fund (A)	128.5	
Equity Fund	393.1	
Equity Fund (A)	386.9	
Money Fund	206.7	
Money Fund (A)	203.2	
Actuarial Fund	201.0	
Gilt-edged Fund	184.1	
Gilt-Edged Fd. (A)	184.1	
Retire Annuity	342.7	
Immed. Ann'ty	194.0	
International Fd.	236.7	

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts.	237.4	250.0	
Inv. Fd. Uts		266.8	
Pension Fd. Uts.		238.0	
Conv. Pens. Fd.		268.8	
Cnv. Pns. Cap. Ut.		205.5	
Man. Pens. Fd.		310.0	
Man. Pens. Cap. Ut.		246.0	
Prop. Pens. Fd.		267.6	
Prop. Pens. Cap. Uts.		207.2	
Bldg. Soc. Pen. Ut.		238.3	
Bldg. Soc. Cap. Ut.		186.9	
Gilts Pens. Fd.		160.0	
Gilts Pens. Fd. Cap.		143.1	

OFFSHORE AND OVERSEAS

FT COMMERCIAL LAW REPORTS

Right to sue on arbitration award

SAINT ANNA
Queen's Bench Division
(Admiralty Court): Mr Justice Sheen: March 1 1983

AN ACTION on an award made under an arbitration clause in a charterparty is a "claim arising out of an agreement relating to the carriage of goods in a ship or to the use or hire of a ship," and can accordingly be brought as an Admiralty action in rem.

Mr Justice Sheen so held when giving judgment for Upechemical Anstalt of Vaduz, plaintiffs in an action against the owners of the proceeds of sale of the vessel, Saint Anna, for enforcement of an arbitrator's award arising out of a charterparty dispute.

Section 20 of the Supreme Court Act 1981 provides: "(1) The Admiralty jurisdiction of the High Court shall be . . . (a) jurisdiction to hear and determine . . . (2) . . . (h) any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship."

* * *

HIS LORDSHIP said that by a tanker voyage charterparty Upechemical hired the Saint Anna from her owners for the carriage of oil from Northern Europe to Italy. The charterparty provided that any disputes arising from the contract should be submitted to arbitration.

A dispute arose between the parties in respect of alleged short-delivery of the oil. They each appointed an arbitrator. The arbitrators published an award on August 16 1979, adjudging that the owners of Saint Anna should pay $105,923 to Upechemical. The owners did not pay the sum due under that award.

In recent years many actions in rem had been brought gainst the Saint Anna. In 1979 her mortgagees issued a writ in rem, claiming arrears of principal and interest due under the mortgage. Saint Anna was arrested in Ellesmere Port. Mr Justice Neill ordered that she be sold by the Admiralty Marshal, and pursuant to that order she was sold on December 16 1979.

The proceeds of sale were brought into court. There was sufficient money to satisfy all the claims of which the court had knowledge.

On February 24 1982 Upechemical issued a writ in *rem* out of the Admiralty Registry against the proceeds of sale of the Saint Anna.

The statement of claim endorsed on the writ recited the relevant terms of the charterparty. It alleged, correctly, that it was an implied term of the arbitration agreement contained in the charterparty that each party would pay to the other any sum found due by the arbitrators.

It was further alleged that arbitrators had found that certain sums were due from the owners of Saint Anna to Upechemical.

All the relevant facts were proved. There was no defence to the claim.

The question in the present motion for judgment in default of defence was whether the court had jurisdiction to give judgment for Upechemical, so that they could be paid out of the proceeds of sale of Saint Anna.

Russell on Arbitration (20th edition) stated, at page 350, that "an action to enforce an award cannot be brought as an action *in rem*, even where the dispute giving rise to the award is such that if it had not been submitted to arbitration the claimant could have proceeded *in rem*." The authority for that proposition was the *Beldis [1936] P51.*

*

Mustill and Boyd on Commercial Arbitration (1982 ed) expressed the same view at page 369.

In both books it was said that it might be possible to proceed on the original cause of action *in rem* and to ignore the unsatisfied award. But that remedy was lost with the expiration of the time limit within which a claim must be brought.

Mr Charlton contended that the action was a claim arising out of an agreement relating to the carriage of goods in a ship within the meaning of section 20 (2) (h) of the Supreme Court Act 1981. He drew the court's attention to dicta in the *Eschersheim [1975] 1 WLR 83* in which judges expressed their views on the construction of section 1 of the Administration of Justice Act 1956, which then prescribed the Admiralty jurisdiction of the High Court.

Mr Justice Brandon said at page 94 that the words of that section should be given their ordinary and natural meaning in the context in which they appeared.

If, in respect of the present claim, one asked "did that claim arise out of the agreement relating to carriage of oil in Saint Anna?", the answer must be "yes."

The question was whether the fact that the action was based on the arbitrator's award had the effect that the claim could no longer be said to arise out of an agreement for the carriage of oil in Saint Anna.

*

It was necessary to examine the nature of an action based on an arbitration award. In *Bremer Oeltransport v Drewry [1933] 1 KB 753* Lord Justice Slesser said at page 764 that "the greater weight of authority is in favour of the view that in an action on the award the action is really founded on the agreement to submit the difference of which the award is the result."

That decision was clear authority for the proposition that an action based on an award was an action for the enforcement of the contract which contained the submission to arbitration.

In the present case that was the charterparty. There could be no doubt that an action for the enforcement of a voyage charter was a claim within the Admiralty jurisdiction of the court.

If *Bremer Oeltransport* were the only authority there would be no doubt that the action was within the Admiralty jurisdiction and had been properly brought against the proceeds of sale of Saint Anna. But the later decision of the Court of Appeal in the *Beldis* seemed inconsistent with that decision. Attention was drawn to the inconsistency in the *Eschersheim* at page 94.

In the *Beldis*, Sir Boyd Merriman said at page 62: "the cause of action is founded, *in the summons in this case*, upon the award itself, and has no relation to the original dispute which gave rise to the arbitration. That being so, I should not be prepared to hold . . . that a claim on an award held under the arbitration clause in a charterparty is a claim arising out of any agreement made in relation to the use or hire of a ship. I think that it is a common law claim upon an award and nothing else."

Lord Justice Scott in the same case acknowledged that the action on the award arose indirectly out of the charterparty.

In a discussion about the essential elements of an action of an award *Mustill and Boyd* said at page 368 that the better view was that a plaintiff must "plead and prove both the arbitration agreement and the award: both are essential elements in his cause of action."

If that statement were accurate, as his Lordship thought it was, then it seemed that the present action arose out of the charterparty.

One ground of the decision of the Court of Appeal in the *Beldis* was inconsistent with the decision of the Court of Appeal in *Bremer Oeltransport*. That left the court free to decide which authority it should follow.

As *Bremer Oeltransport* was not brought to the attention of the Court of Appeal during argument in the *Beldis*, and his *Lordship* was convinced by the reasoning of *Bremer Oeltransport*, he had no hesitation in following that decision.

*

The claim, therefore, was held to be within the Admiralty jurisdiction of the court.

Such a result enabled the court to do justice in a way which would be denied to it if creditors could not bring proceedings *in rem* merely because they faithfully honoured their agreement to submit to arbitration a dispute which was clearly within the Admiralty jurisdiction.

Judgment for Upechemical.

For Upechemical: Timothy Charlton (Clyde and Company, Guildford).

By Rachel Davies
Barrister

INTERNATIONAL CAPITAL MARKETS

Ireland returns to Samurai market

By Mary Ann Sieghart

THE Republic of Ireland has come back to the Samurai market after postponing an issue in January because of poor market conditions. It is raising Y15bn through a 10-year, 8½ per cent bond, priced at 99½. Daiwa Securities is the lead manager.

The issuing system for Samurai bonds is strictly regulated, and borrowers who cancel their issues normally have to go to the back of the queue. In Ireland's case, this would have meant waiting several months.

But the Japanese Ministry of Finance appreciated the difficulty of the market in January and allowed Ireland to take the March slot thought to have been vacated by Australia.

The dollar market was subdued yesterday, with no new issues and little buying activity. Prices were marked up by about ½ point in the morning, but the afternoon was flat. Dealers suggested that uncertainty over the results of the Opec ministers' meeting and over U.S. Treasury funding requirements meant that many investors were staying out of the market.

In West Germany, a new issue came from Michelin Finance, led by Bayerische Vereinsbank, with Deutsche Bank. The DM 200m bond carries a coupon of 7½ per cent for seven years and is priced at 99¾.

Today, Westdeutsche Landesbank will be arranging a DM 100m private placement for the Kingdom of Belgium.

The D-Mark secondary market was quite active yesterday on expectations of domestic interest rate cuts. Prices rose by about ¾ point.

In Switzerland, there were two private placements: SwFr 40m for Stanley Electric, the Japanese headlight manufacturer, led by UBS, at an indicated coupon of 5¾ per cent, with a life of five years; and a five-year, 6 per cent, SwFr 20m bond from Sumitomo Precision, led by SBC.

The Asian Development Bank is coming to the Austrian domestic market with a Sch 500m, 8¼ per cent, 10-year bond, priced at 99.4. The lead manager is Creditanstalt-Bankverein.

Unilever plans $300m issue

UNILEVER, the Anglo-Dutch food and household goods group, yesterday announced plans to tap the U.S. credit markets using rule 415, the "shelf registration" procedure, reports Paul Taylor in New York.

Unilever Capital Corp, a wholly-owned subsidiary of Unilever U.S. the holding company for the group's U.S. operations, filed a registration with the Securities and Exchange Commission covering the proposed issue of $300m in principal amount of guaranteed debt securities. Rule 415 allows a company to sketch out financing plans, and then issue debt at a moment's notice when market conditions are most favourable.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14¼ 89	75	112¾	112⅞	+0⅛	-0⅞	11.26
Amro Bank 13 89	200	105⅛	105⅝	0	-0⅝	11.75
BHP Finance 14¾ 89	150	108½	109	-0⅛	-0¾	12.60
British Col Hyd 14¾ 89	200	113⅛	113⅝	-0⅛	-1⅛	11.57
British Col Hyd 15¼ 92	150	116⅞	117⅜	+0⅛	-1⅛	12.06
Canada 14⅞ 87	750	110½	111	+0¼	-1¼	11.04
Canadair Ltd 17½ 89	175	104¾	105¼	+0⅛	-1	11.38
Canadian Wheat 11¼ 00	50	100½	101	-0⅛	-1	11.08
Can Pac Ltd 14⅝ 92	75	110¾	111¼	-0⅛	-0½	12.52
Can Pac Sec 15 89	75	109⅝	110⅛	0	+0¼	12.56
Citicorp O/S 15 84/92	100	104⅝	105⅛	0	-0⅛	10.03
Coca Cola Int 9⅞ 92	100	24⅝	25⅛	0	-0⅞	10.75
Coca Cola Int 11⅞ 89	100	105¼	105¾	+0⅛	-1⅛	10.54
Credit Suisse 10½ 89	100	100⅜	100⅞	-0⅛	-1⅛	10.35
Deutsche Bk Fin 14¼ 89	300	110¾	111¼	+0⅛	-0⅞	11.71
Du Pont 11¼ 85	150	101	101½	-0⅛	-0⅞	11.04
Du Pont 14½ 89 WW	200	107¾	108¼	-0⅛	-1	12.24
E.D.C. 10⅜ 89	100	99⅜	99⅞	+0⅛	-0⅞	10.83
E.D.F. 12⅞ 07	150	103⅞	104⅜	-0⅛	-0⅞	11.50
E.E.C. 11⅛ 95	200	98⅞	99⅜	+0⅛	-0⅝	11.63
E.I.B. 15½ 92	100	114⅛	114⅝	-0⅛	-0⅞	12.74
Exp Dev Corp 11⅞ 87	100	101⅞	102⅜	0	-1⅛	11.12
Forsmarks 13⅞ 92	75	105¼	105¾	+0⅛	-0¼	12.68
Gaz de France 12⅛ 93	175	28¼	28¾	0	-0⅛	12.15
Gen Elec Credit 9¾ 91	100	14⅝	15⅛	-0¼	-0⅛	10.84
Gen Elec Credit 12 89	100	106⅞	107¼	-0⅛	-1	10.44
Getty Oil Int 14 89	125	107⅛	107⅝	+0⅛	-0⅝	12.28
GMAC O/S Fin 10⅛ 00	200	97⅛	97⅝	0	-0⅝	11.05
GMAC O/S Fin 15 87	100	100¾	101¼	0	-1	12.85
Gulf Oil Fin 12⅛ 87	100	104¼	104¾	-0⅛	-0⅞	10.90
IBM World Trade 12⅛ 92	200	109¼	109¾	0	-0⅛	10.60
Lloyds Euro 11½ 94	100	17¾	18¼	0	-0⅝	11.01
Manitoba Prov 11⅞ 89	125	102⅝	103⅛	0	-0⅝	11.08
Manitoba Prov 13¾ 89	100	108½	109	-0⅛	-1	11.72
Midland Int Fin 11½ 92	150	99½	100	+0⅛	-0½	11.52
Nat West Fin 11⅞ 92	150	101	101½	+0⅛	-0⅝	11.58
New Brunswick 15¼ 87	75	111⅝	112⅛	-0⅛	-1⅛	11.69
Newfoundland 15½ 00	75	113½	114	+0½	+0⅝	12.51
Nippon Credit 11⅛ 93	100	97	97½	+0⅛	-0⅞	11.73
Nova Scotia Prv 15¼ 89	75	113⅝	113⅞	0	+0⅛	12.03
Ontario Hydro 11¼ 89	200	103	103½	-0⅛	-1	10.64
Ontario Hydro 12⅞ 92	200	108⅜	108⅞	-0⅛	-0⅝	11.54
Ontario Hydro 15 92	150	116	116½	0	-0½	11.99
Prudential O/S 12¾ 87	150	106⅛	106⅝	+0⅛	-0⅞	10.87
Quebec Hydro 11½ 92 0	100	99¾	100¼	+0½	-0⅝	11.48
R. J. Reynolds 12⅞ 89	100	105	105½	+0⅛	+0⅛	11.53
Saskatchewan Prov 15 02	150	110	110½	+0⅛	-0½	11.99
Shell Canada 14⅝ 92	125	111¼	111¾	-0⅛	0	12.28
Skand Enskil 11½ 88	100	98½	99	+0¼	-0½	11.84
Swed Exp Credit 14⅝ 90	100	107⅞	108⅜	+0⅛	-0⅝	12.02
Swiss Bk Corp 10¾ 90	125	99⅞	100⅜	+0⅛	-1	10.26
Texaco Capital 9⅞ 90	150	94⅝	95⅛	0	-1⅛	10.83
U.B.S. 11 89	150	102	102½	-0⅛	-2	10.49
Walt Disney Pro 12½ 89	75	103⅝	104	0	-0⅞	11.80
World Bank 10⅜ 88	150	98	98½	+0⅛	-0⅝	10.83
World Bank 10⅞ 93	100	97⅝	98⅛	-0⅛	-0⅞	11.21
World Bank 11⅛ 90	100	97⅞	98⅜	0	-1	11.38

Av. price changes: on day 0, on week -⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8⅛ 92	80	101	101⅛	0	0	7.99
Asian Dev Bank 8⅛ 92	150	100⅝	101⅛	+0⅛	+0½	8.09
Australia 6⅞ 93	200	98½	99	+0⅛	-0⅛	7.05
Australia 7⅞ 92	200	103⅝	104½	+0⅛	+0½	7.13
Bank of Tokyo 7¼ 90	100	98½	99	+0½	+0½	7.48
Bayer Capital 7⅞ 89	150	102⅝	103½	+0⅛	-0⅛	7.01
Beecham Fin 8⅛ 92	125	102⅞	103⅛	+0⅛	+0	7.70
Caisse Nat Energie 8 93	100	100⅛	100⅝	0	0	7.92
Caisse Nat Tele 7¾ 93	200	97⅞	98⅜	+0⅛	-0⅛	8.03
E.C.S.C. 7½ 93	150	98⅝	99⅛	+0⅛	+0⅛	7.62
E.E.C. 7¾ 85	200	99⅜	99⅞	+0½	+0⅞	7.80
E.E.C. 8 94	200	100⅝	101⅛	+0½	+0½	7.82
GKN 8⅞ 89	100	99⅝	100½	+0⅞	+0½	8.41
Gould Int Fin 8¼ 89	75	102⅞	103⅜	+0⅛	0	7.73
H.J. Heinz Int 6¾ 88	50	99⅛	99⅝	+0⅛	+0¼	6.87
Int-Am Dev Bk 8¼ 93	150	100⅝	101⅛	+0⅛	+0⅞	8.09
Ireland 8⅞ 91	150	101½	102¼	+0⅝	+1¼	8.52
ITT Antilles 7 93	200	87⅞	88⅜	+0⅞	+0¼	7.27
McDonalds Fin 7⅛ 92	100	100⅝	101⅛	+0⅞	+0⅛	6.99
Mitsui O.S.K. 7⅛ 88	100	98	98½	+0¼	+0⅞	7.68
Mitsubishi Heavy 7⅞ 87	150	100⅝	101⅛	+0¼	+0	7.29
Quebec Hydro 8 93	200	101¼	101¾	+0½	+0¼	7.77
Sweden Kingdom 8⅛ 89	150	102⅝	103⅛	+0⅛	+0¼	7.60
World Bank 7¼ 93	200	97⅞	98½	+0¼	+0⅛	7.52
World Bank 8⅛ 92	200	103⅛	103⅝	+0⅞	+1¼	7.72

Av. price changes on day +⅛, on week +⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Express 4¾ 93	100	98½	98¾	0	0	4.93
Asian D.B. 5⅞ 85	100	99⅞	100½	-0⅛	-0½	5.89
Bowater Int Fin 0 92	100	102⅞	103⅛	0	+0⅛	5.58
Chugoku Elc Pow 6⅛ 87	100	101⅛	101⅝	-0⅛	-0½	5.84
Ex-Im Bk Japan 5 93	100	97¼	97½	-0⅛	-1⅛	5.35
First Interstate 6 92	100	103⅛	103⅝	-0⅞	-0⅛	5.49
Gaz de France 6 93	100	102	102½	-0½	-0½	5.71
Gothenburg Airport 6 93	50	99¼	99½	0	+0¼	6.09
HCA Finance 5 93	100	97⅞	98⅛	+0½	-0⅛	5.28
Japan Dev Bk 5⅛ 92	100	101⅛	101⅝	+0⅛	+0⅛	5.07
KLM Dutch Air 6⅛ 92	80	103⅛	103⅜	+0⅛	+0⅛	5.80
Kyushu Elec Power 6 92	100	100⅝	101	-0¼	+0⅛	5.98
Manitoba Prov 5⅛ 93	100	101	101½	0	+0⅛	5.00
New Zealand 5⅛ 92	100	101½	101⅞	+1	-0½	5.03
Nippon Express Co 6 93	50	101¾	102	+0⅛	+1	5.74
Nippon Kokan 5⅞ 93	100	97⅛	97⅜	0	+0⅛	5.98
Nisshin Steel Co 6⅛ 92	100	100½	100⅝	-0⅛	-0½	6.28
O.K.G. 6⅛ 93	80	101	101½	0	-0⅛	6.59
Philip Morris 5⅛ 92	100	103	103⅛	+0½	+0⅛	4.83
Quebec 5⅜ 92	100	102⅝	102⅞	-0⅛	-0⅛	5.38
Sweden Kingdom 5⅞ 92	100	100½	100⅝	+0⅛	+0½	5.78
Tokyo Elec Power 5⅞ 92	100	102½	102¾	+0½	+0½	5.51
Tokyo Metropolis 5⅛ 92	100	100½	100¾	0	0	5.29
Union Bk Norway 5⅜ 93	80	98¼	98½	-0⅛	-0¾	5.59
Volvo 5⅛ 91	80	101	101⅛	0	0	5.20
World Bank 5½ 93	100	101	101⅛	+0¼	0	5.35

Av. price changes: on day 0, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105⅛	106⅛	0	0	7.74
E.I.B. 8⅛ 92	15	102¼	103	0	0	7.93
Japan Airlines 7⅞ 87	21	100½	101	0	-1⅞	7.68
New Zealand 8⅛ 87	15	102¾	103¾	0	+0⅛	7.82
World Bank 8⅛ 92	20	102⅞	103⅛	0	0	7.84

Av. price changes: on day 0, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¼ 86 CS	50†	112½	113	0	-0⅛	13.71
Can Utilities 17 87 CS	35†	113⅛	114⅛	0	-0⅛	12.88
Farm Credit 12⅛ 93 CS	50†	99⅞	100⅜	-0½	-0⅞	12.12
Gaz de France 15 89 CS	75†	106⅛	106⅝	0	+0⅛	13.41
Gaz Metro 14½ 92 CS	40†	103⅛	104⅛	-0⅛	-0⅛	13.74
Quebec Hydro 14 92 CS	80†	106⅛	106⅝	-0⅛	-0½	12.78
Swed Exp CR 12⅛ 86 CS	50†	99¼	99¾	-0⅞	+0⅜	12.38
Ireland 12⅞ 90 Ecu	30	100⅝	101⅛	-0⅛	-0½	12.53
Ireland 12½ 91 Ecu	30	99⅛	99⅝	+0⅛	-0⅛	12.72
Amfas 8½ 87 Fl	80	100⅛	100⅝	+0⅛	-0⅛	8.29
Austria 7½ 88 Fl	100	99⅛	99⅝	+0⅛	0	7.62
Nederland Gas 7½ 88 Fl	100	99⅛	99⅝	+0⅞	-0½	7.62
Neder Middb 8⅛ 91 Fl	100	104⅛	104⅝	0	-0⅛	7.60
Quebec Prov 7½ 88 Fl	100	99⅜	99⅞	+0⅛	+0⅛	7.67
World Bank 7 88 Fl	150	98⅜	98⅞	+0⅛	-0⅛	7.38
O.K.B. 14 86 FF	400	97⅞	98⅜	0	-0⅛	14.62
Solvay & Cie 14¾ 88 FF	200	96⅝	97⅛	0	-0⅛	[illegible]
B.F.C.E. 14⅛ 87 £	30	107	108	0	+0½	12.18
C.E.C.A. 13½ 88 £	20	104⅞	105⅜	+0⅛	+1	12.28
C.N.T. 12½ 89 £	20	99⅞	100⅜	+0⅛	+1⅛	12.48
E.E.C. 11⅞ 91 £	50	98⅜	98⅞	+0⅛	+1⅛	12.14
Fin For Ind 12⅛ 88 £	30	101⅞	102⅜	+0⅛	+1⅛	11.87
Fin Mkt Gramg 12⅜ 92 £	30	23¾	24	+0⅜	+1⅞	12.86
Gen Elec Co 12½ 89 £	50	103¾	104¼	0	+0⅛	11.44
Hiram Walker 14⅛ 86 £	25	105⅞	106⅜	0	+0⅞	11.86
Mort Bk Fin 11¾ 89 £	15	23⅞	24⅜	+0⅛	+1⅛	13.18
Norsk Hydro 12 90 £	30	27	27⅜	+0⅛	+0¼	12.81
Norsk Hydro 14⅛ 87 £	30	106⅞	107⅜	+0⅛	+0½	12.16
Quebec 14⅛ 89 £	30	102½	102¾	+0⅛	+1½	12.82
S D.R. France 15½ 92 £	30	102⅜	102⅞	+0½	+1⅛	14.18
S.N.C.F. 11½ 89 £	30	95⅛	95⅞	+0⅛	+1⅞	12.58
Tenneco Int 14¾ 87 £	30	106⅞	107⅜	0	+0⅛	12.45
World Bank 11⅞ 91 £	75	26½	27⅛	0	+1½	12.08
Euratom 11 93 LuxFr	500	100⅞	101⅜	+0⅛	+0⅛	10.78
Europarer 12½ 92 LuxFr	500	103⅝	104⅛	0	-0⅛	11.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0½	99⅞	100⅜	10/8	9⅝	9.74
B.F.C.E. 5¼ 88	0¼	98¾	99¼	20/7	9⅞	9.94
B.F.C.E. 5¼ 87	0¼	99½	99¾	27/7	9.06	9.07
Caisse Nat Tele 5⅛ 90	0⅛	98⅞	99⅜	21/4	10.56	10.66
Cepme 5¼ 92	0¼	99½	99¾	10/6	9.44	9.57
Chemical NY 5¼ 94 ††	0⅛	100⅛	100⅝	23/3	9.34	9.30
Credit Agricole 5¼ 97	0⅛	99	99½	24/3	12⅝	12.87
Credit du Nord 5¼ 92	0⅛	98⅞	99⅜	23/6	10⅛	10.21
Credit Lyonnais 5¼ 97	0¼	99	99½	1/4	12.16	12.28
Credit Lyonnais 5¼ 94	0⅛	99⅛	99⅝	5/7	9⅝	9.81
Credit Nat 5¼ 94 ††	0⅛	98¾	99¼	8/3	12.18	12.31
E.D.F. 5¼ 95 WW	0⅛	99⅜	99⅞	10/8	10	10.04
Kansallis Osake 5⅛ 92	0⅛	99¾	100¼	6/8	10.06	10.08
Lloyds Eurofin 5¼ 93 §	0⅛	100⅛	100⅝	29/4	10.56	10.52
Long Term Cred 5¼ 92	0¼	100	100½	27/5	10⅛	10.11
J.P. Morgan 5¼ 91 §	0⅛	100⅛	100⅝	12/5	9½	9.46
Nat West Fin 5⅛ 91 §	0⅛	100⅛	100⅝	10/7	6⅝	6.72
New Zealand 5⅛ 87	0⅛	100⅛	100⅝	7/4	12⅛	12.05
NZ Steel Dev 5¼ 92	0⅛	100	100½	22/6	10.16	10.16
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅝	10/8	9⅞	9.86
Offshore Mining 5¼ 91	0¼	100	100½	2/8	10.44	10.41
Scotland Int 5¼ 92	0⅛	99½	99¾	23/3	13⅛	13.20
Sec Pacific 5¼ 91	0⅛	100⅛	100⅝	24/5	10.06	10.02
Société Générale 5⅛ 95	0¼	99	99½	1/8	9½	9.57
Standard Chart 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Av. price changes: on day 0, on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bridgestone Tire 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 7 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc 4¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cable 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Credit Corp 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5½ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komatsu Const 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kyowa Hakko 6¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 5½ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK 6¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Electric 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olympus Optical 6¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Finance 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Elec 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Metal 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsa 3½ 93 SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku 6¼ 93 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Heavy 6 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sun Realty 8½ 92 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = Current coupon. C.yld = Current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FINANCIAL TIMES

Friday March 11 1983

EEC and U.S. to meet on farm export subsidies, Page 35

WALL STREET

Rally runs quickly out of steam

THE RALLY on Wall Street's financial markets ran out of steam yesterday and both share and bond sectors turned lower. By the close of the session, the sell off in bonds seemed to have run its course, and prices were steadying, *writes Terry Byland in New York.*

But equity stocks, becalmed for much of the day while hoping for news from the Opec meeting in London, saw increased selling towards the close. Much of yesterday's reaction in share prices was due to a lack of further buying support to maintain the gains of the previous day.

However, market confidence in the upturn in the U.S. economy was slightly clouded by the Commerce Department's disclosure that retail sales fell last month and that industrial production is likely to show a similar trend.

In the equity market, shares opened higher but once the overnight buying orders had been completed, the momentum died away. In the late afternoon, there was some selling of leading stocks, and the Dow Jones Industrial average closed 11.70 down at 1120.94. Shares traded totalled 96.1m with gains numbering 727, and falls 848.

Prices started the day lower in the bond and note markets, which were disappointed that the Federal Funds rate had opened sharply higher than on the previous evening when final quotations of 7.75 per cent were strongly influenced by technical factors.

By mid-session, yesterday, the Federal Funds rate stood at 8.5 per cent. This was still a shade higher than Wednesday's average and Treasury Bills were showing small falls. Dealers commented that turnover was very thin. The two-year Treasury notes announced late on Wednesday returned a yield of 9.7 per cent in preliminary trading.

The three-month Treasury bill was yielding 8.28 per cent, a touch higher than overnight, while the six month note yield rose to 8.30 per cent.

At the longer end of the Treasury bond market prices gave ground on a general lack of investment demand. The Treasury long bond, the 10⅜ per cent 2012 opened at 97⅝, later slipping to 97⅛.

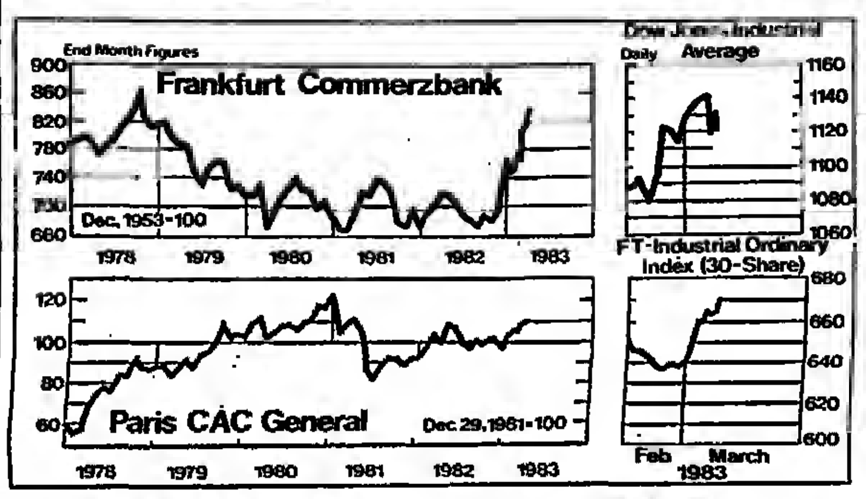
The Corporate bond sector was featured by falls of up to two points in the 13 quoted debt issues of AT&T, whose $44bn of funded debt is a major factor in the sector.

The market leaders, however, were often unable to hold their best levels. IBM, the favourite stock of the institutions, touched $102⅜ before reacting to $101½, a net fall of $⅝ on the day.

Among issues influenced by company statements K Mart, the discount store group, edged forward by $1 to $29⅝ on the year's profits news.

In Toronto, stocks were also higher with resources issues setting the pace. Golds, papers, consumer products and financials showed strongly but transportation was the only major grouping to fall back. Stocks in Montreal followed the stronger trend.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 10	Previous	Year ago
DJ Industrials	1120.94	1132.64	804.89
DJ Transport	503.10	507.78	319.87
DJ Utilities	127.49	128.00	107.56
S&P Composite	151.80	152.87	109.41
LONDON	March 10	Prev	Year ago
FT Ind Ord	670.2	664.9	567.9
FT-A All-share	419.75	413.62	324.10
FT-A 500	454.36	447.48	344.97
FT-A Ind	427.55	422.54	318.44
FT Gold mines	607.8	584.6	228.0
FT Govt secs	81.32	80.35	68.71
TOKYO			
Nikkei-Dow	8027.64	8008.25	7292.91
Tokyo SE	591.23	589.54	545.18
AUSTRALIA			
All Ord.	511.4	516.7	455.6
Metals & Mins.	467.4	478.4	322.4
AUSTRIA			
Credit Aktien	51.50	51.30	54.08
BELGIUM			
Belgian SE	109.34	108.74	93.58
CANADA			
Toronto Composite	2169.9	2159.0	1574.8
Montreal Industrials	369.26	367.4	280.67
Combined	360.63	358.58	267.04
DENMARK			
Copenhagen SE	120.19	120.19	95.88
FRANCE			
CAC Gen	110.3	108.8	103.0
Ind. Tendance	115.5	113.6	114.3
WEST GERMANY			
FAZ-Aktien	282.18	277.47	233.98
Commerzbank	847.2	833.5	712.0
HONG KONG			
Hang Seng	1023.81	1003.5	1152.69
ITALY			
Banca Comm.	203.87	202.8	202.5
NETHERLANDS			
ANP-CBS Gen	117.8	115.2	85.5
ANP-CBS Ind	102.5	110.7	69.0
NORWAY			
Oslo SE	148.86	144.09	104.52
SINGAPORE			
Straits Times	841.17	841.38	697.98
SOUTH AFRICA			
Golds	817.3	786.3	432.5
Industrial	833.0	829.8	596.5
SPAIN			
Madrid SE	108.45	108.04	124.78
SWEDEN			
J & P	1268.64	1302.06	609.58
SWITZERLAND			
Swiss Bank Ind	309.8	308.2	244.9

GOLD (per ounce)

	March 10	Prev
London	$435.00	$425.00
Frankfurt	$435.00	$426.75
Zürich	$435.50	$426.50
Paris	$438.51	$430.90
New York futures (March)	$431.00	$424.20

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR March 10	U.S. DOLLAR Previous	STERLING March 10	STERLING Previous
£	1.5120	1.5015	–	–
DM	2.3915	2.4070	3.61¾	3.81½
Yen	237.00	237.50	358½	357
FFr	6.9400	6.8775	10.49	10.32
SwFr	2.0500	2.0610	3.10¼	3.09½
Guilder	2.6490	2.6675	4.00¾	4.00¾
Lira	1425	1428	2154	2143½
BFr	47.15	47.52	71.30	71.35
C$	1.2250	1.2270	1.8525	1.8425

INTEREST RATES

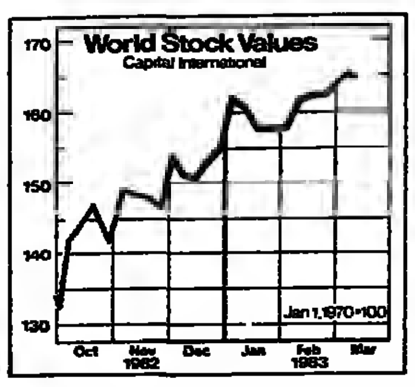
	March 10	Prev
Euro-currencies (three month offered rate)		
£	11⅛	11¼
SwFr	3⅝	3⅝
DM	5⁷⁄₁₆	5¼
FFr	41	39
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9¾
6-month U.S.$	9⅞	9⁷⁄₁₆
U.S. Fed Funds	8⅝	7¾
U.S. 3-month CDs	8.70	8.80
U.S. 3-month T-bills	8.23	8.26

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
June	75–09	75–31	75–05	75–22
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.66	91.74	91.59	91.86
Cert Deposit (IMM) $1m points of 100%				
June	90.94	91.06	90.86	90.93
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.74	90.81	90.73	90.70
20-year Notional Gilt £50,000 32nds of 100%				
June	104–15	104–22	103–30	103–10
Three-month Sterling Deposit £250,000 points of 100%				
June	89.93	89.98	89.85	89.89

LONDON COMMODITY MARKETS

	March 10	Prev
Silver (spot fixing)	726.6p	704.1p
Copper (cash)	£1062.00	£1062.50
Coffee (March)	£1704.50	£1693.00
Oil (spot Arabian light)	$28.15	$28.25



LONDON

Equities climb to record high

LONDON equities surged to all-time records on reports that Opec had reached agreement on a $5 reduction to $29 per barrel in the benchmark price for Saudi crude oil. Wall Street's overnight rally, as dearer money fears there subsided, also gave a boost to London financial markets yesterday.

Stock market trading was relatively quiet but, once again, fresh investment funds were committed to selected areas of equity markets. Many leading industrials were overlooked, but still edged higher as recent hesitancy gave way to a mood of optimism. Government stocks meanwhile staged a strong revival to the accompaniment of domestic and overseas support.

Reports that progress was being made at the Opec talks ensured maintenance of the firm equity market tone. After minor inter-day fluctuations, the FT Industrial Ordinary index closed 5.3 higher on the day at a best-ever 870.2. Broader-based measurements of the trend also went to peak levels, including the FT-Actuaries All-Share index, up 1.5 per cent at 419.75.

Apart from the prospect of an Opec agreement, oil shares attracted considerable attention following Lamso's early announcement of a rights issue and, later in the day, the preliminary results from Shell. These proved to be above market expectations and Shell rose 18p to 448p. Lasmo advanced 17p to 245p, the fund-raising proposals having been well discounted.

Among the Financial sectors banks were given another strong boost, this time by better-than-expected preliminary figures from Midland, which jumped 50p to 420p.

The more stable trend in sterling and easier UK money market rates gave encouragement to the gilt-edged market. Trade was not particularly active, but quotations readily responded to demand, some on overseas account. In the prevailing thin conditions long-dated stocks rose 1¾ points before later easing. After lagging recently the shorts participated in the advance and registered gains extending to ¾.

Among London financials Gold Fields was persistently bought, despite the poor interim figures and generally unfavourable press comment, and closed 9p higher at 497p.

South African Golds made rapid progress, boosted by the strong performance of the bullion price which registered a $10 improvement to $435 an ounce.

The share market got off to a firm start following good demand in overnight U.S. markets. Thereafter, the gradual rise in bullion saw prices progressively marked up before a modest downturn in after-hours' trading.

Share information service, Pages 36–37.

AUSTRALIA

Deficit worries

SHARE prices eased in hectic trading in Sydney, with the rally earlier this week giving way to concern over steadily eroding company profits and a poor economic outlook for Australia throughout the year.

The market is also nervous over what measures the incoming Government will take to deal with the projected A$9.8bn budget deficit for the 1983-84 fiscal year.

The All Ordinaries index closed down 5.3 at 511.4, due mainly to a fall in the All Resources index.

There was particularly heavy trading in MIM and about 2.57m shares, valued at A$10.47m, were reported to have changed hands, the bulk in one parcel of 1.98m shares at A$4.05 each, outside the market. MIM closed 15 cents lower at A$4.12.

In Melbourne, increased selling of blue chip stocks was noted in the last two days.

SOUTH AFRICA

Golds very firm

BULLION's further advance helped gold shares to close very firm in Johannesburg, in modest trading. Randfontein rose R7.50 to R145 while Ergo added 85 cents to R9.10.

The upward trend was also reflected in mining financials, diamonds and platinums, with Gencor up 50 cents at R28 ahead of annual results, De Beers 30 cents firmer at R8.25 and Rustenburg 45 higher at R7.55. Industrials were mixed where changed.

FAR EAST

Blue chip purchases spur rally

SPURRED on by the overnight Wall Street rally and by foreign buying of Japanese blue chip stocks, Tokyo share prices rose in heavier trading than in recent days. The Nikkei Dow Jones market average added 19.39 to close at 8,027.64, on volume of 300m shares, while the Tokyo SE index was up 1.69 to 591.23.

Steels gained ground, following revived foreign purchases, with Nippon Steel climbing Y2 to Y180 and Kawasaki Steel Y5 higher at Y148. Light electricals, oils and chemicals were also higher but shipbuilders lost ground.

Drugs and biotechnology issues were mixed but Meija Seika ended its recent decline adding Y1 to Y531. Other stocks to close higher were Toyota Motor, up Y11 at Y996 and Fuji Film, Y20 firmer at Y1,680. Sony advanced Y40 to Y3,350 while Victor Japan was Y90 ahead at Y2,290.

Prices also moved higher in brisk trading in Hong Kong, with the Hang Seng index up 20.31 on the day at 1,023.81. Prices opened steady and peaked at the morning close on institutional support. But there was some selling by small investors during the afternoon.

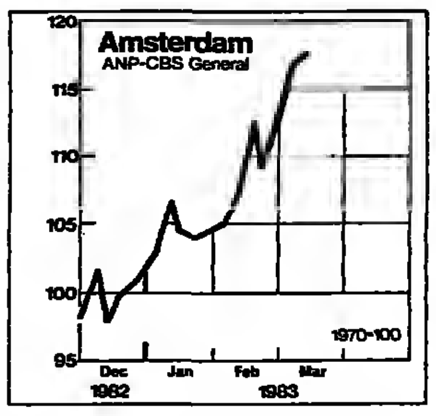
Market leaders were generally higher with Hongkong Bank rising 20 cents to HK$9.20, Jardine Matheson 30 cents to HK$14.90 and Hong Kong Land 12 cents to HK$4.42. Brokers also noted some speculative buying of the Sun Hung Kai group, ahead of its annual results, due this weekend. Sun Hung Kai Bank rose 5 cents to HK$2.525 and Sun Hung Kai Bank added 20 cents to HK$3.

Against this firmer Far Eastern trend, Singapore managed only a mixed performance for the session. Most stocks changed little from overnight levels in a market where no clear trend emerged.

The Straits Times industrial index eased 0.21 to 841.17. Advances only just outpaced declines, 30 to 25, while 129 stocks were unchanged.

Among advances, Malayan Cement rose 10 cents to S$8, Taiping Textiles 12 cents to S$1.93, Malayan Banking 25 cents to S$7.65 and Overseas Chinese Bank 20 cents to S$10.40.

On the decline, Fraser and Neave fell 5 cents to S$7.60, Hong Leong Finance 13 cents to S$4.92, Public Bank 5 cents to S$6.20 and United Overseas Bank 8 cents to S$4.38.



EUROPE

Upward trend takes hold again

WEST GERMAN stocks surged again in Frankfurt after Wednesday's profit-taking, to extend the week's powerful post-election rally. Trading was described as hectic and the Commerzbank index, at 847.2 – from Wednesday's 833.5 – reached its highest level since October, 1978.

Stocks were again led up by blue chip issues, together with better than expected results and dividend from Hoechst. The large-scale buyers were big institutions.

Hoechst, which surprised some dealers by cutting its dividend by only DM 1.50, to DM 5.50, advanced DM 3.70 to close at DM 134.50. Its rivals also benefited: BASF rose DM 1 to DM 128.90 and Bayer was DM 1.70 ahead at DM 128.70.

Siemens, which at one stage touched DM 300, settled back to close at DM 299.80 for a net gain on the day of DM 9.80. Daimler, whose stocks have been in demand, rose to DM 450.50, from DM 437.50, while BMW added DM 4 to DM 290.

Bond prices were generally higher in moderate trading, encouraged by growing hopes of further official interest rate cuts. The market was also aided by the renewed decline of the dollar which attracted foreign investors in the wake of the decline in U.S. interest rates.

Encouraged by Wall Street's higher trend, share prices were firm in active trading in Paris. Prices were also helped by operators diverting funds to the bourse from the foreign exchanges, where wide fluctuations of the franc this week have deterred speculators and reduced the volume of trading.

In Amsterdam, too, most stocks resumed the recent upward trend – interrupted by Wednesday's losses – in a very busy session. In internationals, Philips set a 1983 high, gaining 70 cents to Fl 38.30 after Wednesday's announcement of a 21 per cent rise in 1982 net profit. Banks led the advances among local shares, with AB, firming Fl 7 to Fl 361.50 while NMB gained Fl 3 to Fl 136 and Amro added Fl 1.50 to Fl 53.30.

Most domestic guilder bonds were unchanged in quiet trading: the yield for recent state paper is just under 7.5 per cent.

Belgian and foreign share prices were very firm in lively trading in Brussels. The Belgium SE index climbed to 109.34 from 108.74 and the all-shares index rose to 276.90 from 270.30.

In Zurich, a rally occurred late in the day, after prices had opened barely steady. Turnover in the domestic sector declined further with relatively small price changes.

Late sales in Milan reduced the benefit of early gains. Trading was active throughout the session, but became nervous late in the session when sales had a particular effect on the insurance sector and took some issues below Wednesday's levels.

Madrid had a quiet session. Prices firmed slightly on institutional buying and the Madrid SE index ended 0.41 higher at 108.45.

However, a large turnover was seen in Stockholm and prices closed mixed.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

ITALY

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Allen Elect	[illegible]	[illegible]
Barratt Devs	564	[illegible]
BP	326	−12
Cadbury Schweppes	121	−4
Cons Gold Fields	487	−9
LASMO	245	−17
London & Liverpool	445	−33
Midland Bank	429	+50
Polly Peck	£22	−2
Randfontein	£69½	−4½
Rank Org	162	−18
Shell Transport	448	−18

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No of changes	Wed. close	Day's change
BSR	45	88	+14
Norton (W E)	17	15½	−8½
Eleco	16	107	+17
ICI	16	394	−4
Lloyds Bank	15	505	—
Lucas Inds	15	159	+2
CPC Intl	14	£26	−½
Cable & Wire	14	410	+3
GEC	14	205	−1
NatWest Bk	13	570	—
Sedgwick	13	223	−9
Cns Gold Flds	12	488	−5
Lon & Liv Tst	12	410	—
Provident Fin	12	130	+2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	—	8
Corpns. Dom. & Foreign Bonds	36	4	37
Industrials	452	118	759
Financial & Props.	222	40	235
Oils	58	8	44
Plantations	2	4	16
Mines	68	28	55
Others	88	30	44
Totals	1,012	230	1,221

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (181)

LOANS (1)
AMERICANS (7)
CANADIANS (2)
BANKS (7)
BREWERS (1)
BUILDINGS (14)
CHEMICALS (4)
DRAPERY AND STORES (3)
ELECTRICALS (11)
ENGINEERING (13)
FOODS (5)
HOTELS (1)
INDUSTRIALS (29)
INSURANCE (4)
LEISURE (7)
MOTORS (6)
NEWSPAPERS (3)
PAPER (2)
PROPERTY (6)
SHIPPING (2)
SOUTH AFRICANS (1)
TEXTILES (5)
TRUSTS (46)
OIL AND GAS (3)
PLANTATIONS (1)
MINES (2)

NEW LOWS (5)

BANKS (1)
Ansbacher (H.)
ENGINEERING (1)
Richards (Leics.)
INDUSTRIALS (2)
Ashley Ind. Tst. Peerless
TRUSTS (1)
Nambro Trust

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

FIXED INTEREST

	PRICE INDICES	Thur March 10	Day's change %	Wed March 9
1	British Government 5 years	117.36	+0.32	116.99
2	5-15 years	129.72	+1.14	128.26
3	Over 15 years	138.21	+1.53	136.13
4	Irredeemables	147.17	+2.09	144.15
5	All Stocks	128.33	+1.03	127.01
6	Debentures and Loans	101.65	+0.65	100.99
7	Preference	77.74	+0.04	77.71

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 28	Mar 11	June 2	June 13
Mar 14	Mar 25	June 16	June 27
Mar 28	Apr 8	June 30	July 11

For rate indications see end of Share Information Service

Call options were arranged in Polly Peck, Wearwell, Southwest Resources, Greencoat Properties, Tilbury, Yelverton, Unigroup, Britannia Arrow, Dares Estates, Unigate, Floyd Oil, Lucas, Midland Bank, Carpets International, UBM, Telefusion, Tecalemit and Hill Minerals.

FINANCIAL TIMES STOCK INDICES

	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 4	Mar. 3	year ago
Government Secs.	81.82	80.85	80.59	80.76	80.52	79.78	68.71
Fixed Interest	82.70	81.78	81.67	81.68	81.49	81.12	69.07
Industrial Ord.	670.2	664.9	664.6	666.1	660.8	661.6	567.9
Gold Mines	607.8	584.8	*583.4	592.6	678.2	596.1	228.0
Ord. Div. Yield	4.79	4.83	4.82	4.82	4.86	4.86	5.61
Earnings, Yld.% (full)	10.07	10.15	10.14	10.16	10.22	10.21	10.24
P/E Ratio (net) (*)	12.00	11.81	11.92	11.83	11.82	11.82	12.67
Total bargains	24,065	24,893	26,156	24,491	25,776	24,150	25,022
Equity turnover £m.	—	207.65	658.21	216.17	514.83	291.53	148.42
Equity bargains	—	12,045	31,638	29,563	24,853	21,388	18,576
Shares traded (ml)	—	125.0	143.6	152.0	127.5	183.0	111.6

10 am 668.5. 11 am 668.8. Noon 669.2. 1 pm 669.4. 2 pm 669.7. 3 pm 669.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 11.21.

HIGHS AND LOWS

S.E. ACTIVITY

NEW YORK AND CANADA

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO Composite

S.E. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

S—S—S

T—T—T

U—U—U

V—V—V

W—W—W

X—Y—Z

NEW YORK CLOSING PRICES

Continued from Page 33

X—Y—Z

URGENT
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More research nationwide, more patient care. More progress and hope than ever.
LEUKAEMIA Research Fund

COMMODITIES AND AGRICULTURE

EEC-U.S. to meet 'this month' on agricultural export subsidies

BY NANCY DUNNE IN WASHINGTON

MR PETER WALKER, the Agriculture, Fisheries and Food Minister, said yesterday that high level negotiations to avert a trade war between the EEC and the U.S. over agricultural export subsidies will begin some time this month.

Correspondence between Mr Gaston Thorn, EEC Commission president, and Mr George Shultz, the U.S. Secretary of State, had resulted in an agreement to hold talks at ministerial level. No date had been set.

"It would be an absurdity if the two great agricultural producers of the Western world went in for a dumping trade war. No one would benefit except the Soviet Union," he said.

Mr Walker said the talks will move from the "propaganda period" in which each side has stated its basic position, to in-depth discussions looking at each individual commodity.

There was no way the EEC would agree to phase out all export restitution over the next five years, as the U.S. has asked and no way the U.S. would agree to the creation of spheres of interest, as the EEC has suggested, he said.

"We have to look at each commodity. The problems of cereals are totally different from the problems of the dairy surplus, which are totally different from the problems of poultry. We have to look at them and calculate the current production levels, the current storage problems and world demand for each of them, to try to thrash out some sort of understanding

We indicated that the EEC will make some concessions in the area of grain storage.

He indicated that the EEC automatically made the U.S. the storage place of the world but "there is no reason not to discuss the matter in which future storage will be operated."

Of deals like the U.S. sale to Egypt of wheat-flour and other proposed subsidised sales, he warned: "If we get into the game of boving the odd shot to show what a war would be like, the fact is that shots will come back and then you start the escalation of bad relationships."

Such U.S. actions would encourage European retaliation against American farm exports to the EEC.

The Department of Agriculture anounced on Wednesday a $230m (£152.3m) sale of grains and other agricultural products to Iraq under the blended credit programme, which subsidises credit. Mr Walker said the Europeans would be likely to favour the sale.

Malaysia to buy Australian sugar

By Wong Sulong in Kuala Lumpur

MALAYSIA IS to buy 190,000 tonnes of raw sugar from Australia annually for three years, starting in 1985, under a contract to be signed soon. The price remains secret. Malaysia also has the option of taking another 50,000 tonnes yearly if the price quoted was lower than the prevailing market price.

● PHILIPP BROTHERS, the commodity marketing arm of the Phibro-Salomon group, is to acquire Harborn Limited, London-based rubber traders, it was announced yesterday. Phibro said there would be no change in the management of Horborn, which reported record profits in 1982. The amount paid for the take-over was not disclosed.

● THE SOUTH African weekly wool sale was postponed because of the Australian doller develuation.

● EC 1983-84 sugar plantings could fall 6.5 per cent to 1.72m hectares compared with the previous season, according to the French sugar market intervention board.

● ACCRA meteorological service says the Harmattan wind blamed for drying out West African crops will clear by March 21.

● TOTAL February volume of 4,547,841 contracts on the Chicago Board of Trade set a futures industry record for the month, up 20.3 per cent from February last year.

● A SEMINAR on the European fruit juice industry is being organised by Canadean. It will be held in London on March 29-30.

● MUCH OF Britain's winter wheat is reported to be threatened by a new strain of brown rust. Plant pathologists fear the disease resistance of Avalon, Britain's main winter wheat variety, is threatened.

Election results please French farmers

THE DEFEAT of the Left in France's municipal elections last Sunday pleased the farmers I met at the Paris agricultural show and on a subsequent brief tour through the central farming regions.

But this "liberation from socialism" as one farmer rather exaggeratedly put it, was not translated either into attendance or business done on the first two days of the show. The Parisians who normally throng the halls on the Sunday had been too busy voting—and celebrating on Monday—to put in an appearance, I was told.

The reasons for their absence may have been more prosaic. Admission prices have risen significantly over the past three years and exhibiting costs have been increased above the subsidised levels which used to make this the cheapest European show for the trader. This extra cost may well have aggravated the fears of the standholders.

There is no doubt of the farmers' joy at the election results, which must be particularly frustrating to Madame Edith Cresson, the Agriculture Minister, in view of the very real efforts the Government has been making to improve the lot of family-sized farmers and protect them against the pressures bearing down on small farmers in some other Community countries.

The main objection to socialism seemed to be the impact of a wealth tax and possible death duties. Most of my contacts talked of nothing else, although they were not specific as to how much they were actually suffering, if at all.

There seems no doubt, though, that the threat of this

Farmer's viewpoint: By John Cherrington

capital taxation has significantly reduced the value of farm land. This trend was already apparent in all but the very best farming areas and was a result of the very real control the Government holds over the land market and its restriction on farm size.

However no one should take all this as meaning that French land can easily be bought by outsiders, whether French or foreign. The restrictions remain and are supported by most farmers.

As an example, a compounder told me that he had wished to expand his pig breeding unit to some 600 sows. As soon as the news spread, the existing pig breeders, mainly small men, made it known to him in no uncertain terms that this expansion would be blocked. As it is perfectly possible for this to be done legally he took the hint and cancelled the project.

The individual, too, is paramount in the show's famous food hall which I re-examined with particular interest in view of the fanfare with which Food From Britain was launched in the Barbican.

Britain was conspicuous by being almost non-existent in this area except for two brave individuals.

The Shipway Brothers were doing a roaring trade in chops and steaks and Mr Carr Taylor from Sussex was presenting his white wine. He was quietly confident that the interest he had aroused would be translated into orders, although the price seemed to be rather higher than for comparable French.

The particular emphasis of those exhibiting in this section is to find customers for their wares apart from the wholesale and supermarket buyers. Some told me that their private customers renewed their orders annually, not just for wines but for hams, cheeses, confectionary and so on.

I could not find out just how much of their output went to the private sector, but they were certain that to have their own names on their products was a particular selling point.

The great lesson here, I thought was that producers were getting as close as they could to consumers—the end consumers—and in the French food trade apparently succeeding. Will Food From Britain encourage us to do the same?

And now, for those who want something entirely different: a snail farm. It costs £600 and will hold 100 snails which, suitably fed, will produce 48 kilos of snails every year. The foundation stock can be found in any garden and there are no breeding problems because snails are bisexual, if that is the word.

Warning to beef farmers

BY RICHARD MOONEY

MANY BRITISH beef producers will have to improve their efficiency if they wish to remain in the black, the latest edition of the Meat and Livestock Commission's Beef Yearbook warns.

Figures in the book show that many producers would have been making losses in recent years if they had received average market prices. In most cases, reasonable profits had only been made possible by the EEC price support system.

But the commission does not expect this pattern to continue. "It is unlikely," it says; "that the EEC guide price—which determines the level of support—will keep pace with inflation, so there *is no sign of* improved profitability coming from support payments."

It says the real answer is for producers to concentrate on improving the efficiency of their beef enterprises and to look for improvement in marketing. Better product and presentation, more consistent quality and vigorous promotion will all be necessary, the yearbook says.

It also contains a major section detailing results of different production systems, a chapter on choosing systems to suit individual farms and advice on the choice of breed types.

Figues in the book highlight the wide variation between the production efficiency of the best producers and the rest. The top third of producers averaged 2,000 kilos liveweight of beef per hectare against an average 1,400 kilos.

Beef Yearbook, from MLC, Box 44, Bletchley, MK2 2EF, £5.

EC 'ready to raise subsidy'

PARIS—The European Community is ready to increase the export subsidy for flour to enable EC exporters to compete with the U.S. in the Egyptian market, a senior French agricultural ministry official said.

France seeks an increase in the current subsidy, set at 121 ECU per tonne, to enable French millers to bridge part of the gap between the world market price and the lower price at which the U.S. sold 1m tonnes of flour to Egypt in January, the official said.

In Strasbourg, the European Parliament called for countermeasures to the U.S. sale

The parliament invited the *Community executive* commission to introduce a more dynamic export policy, Agencies.

Hungary quotas request

BY DAVID BUCHAN

HUNGARY HAS asked the EEC for better access for its beef and other agricultural exports to the Community, in what is a further sign of the Kadar Government's increasingly active trade diplomacy.

Hungary's discussions with Brussels stem from its request last autumn for compensation for one of its agricultural trading partners, Greece, joining the EEC. This has since broadened into specific Hungarian requests for quotas, in particular, for shipment of live cattle, beef and a special variety known as "hilton beef." Hungary runs the most successful farming sector inside Comecon, and it now accounts for a quarter of its exports. But in spite of its success in selling food to both the Soviet Union and Middle East for hard currency, *Budapest is anxious to* close its chronic trade deficit with the EEC by boosting farm exports.

EEC governments have yet to deliver a formal reply, but opposition is expected from France and Ireland. Hungary is discreetly trying to rally support from other EEC members, and this has been one purpose behind talks this week in London by Mr Josef Marjai, the Hungarian deputy prime minister.

Pakistan hopeful on wheat

BY MOHAMMED AFTAB IN ISLAMABAD

THE Pakistan Government has estimated a record wheat production of 12m tonnes for 1983. Harvesting starts in three weeks.

The Agriculture Ministry said the production may go slightly beyond this estimate to 12.2m tonnes.

Of 11.6m tonnes of the 1982 crop, nearly 0.6m tonnes was lost as a result of unexpected rains which hit the standing crop just before harvesting. Part of the crop was also damaged soon after the harvest because of the rains. The wheat available from the 1982 crop was, as a result, reduced to 11.0m tonnes.

The Agriculture Ministry attributed a bigger production in 1983 to a 3.48 per cent increase to 7.12m hectares in area under wheat plantings. It compares with 6.88m hectares under wheat in 1982.

An increased use of quality seed, as well as larger application of chemical fertiliser and irrigation water, coupled with more farm credit than in previous years, and plenty of rain helped larger production this year, it said.

Pakistan now has a 1.5m tonne wheat reserve from the 1982 harvest. Last year, it exported 50,000 tonnes of wheat to Iran. This was the first time in recent history, that Pakistan had exported wheat.

PRICE CHANGES

BRITISH COMMODITY MARKETS

BASE METALS

SILVER

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

POTATOES

RUBBER

COCOA

COFFEE

GRAINS

SOYABEAN MEAL

SUGAR

WOOL FUTURES

COTTON

MEAT/FISH

INDICES

LONDON OIL SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

LONDON FUTURES

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK

CHICAGO

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

77½	57¼	Agric. Mt. 5pc '59-89	76½	+1	6.60	13.34
38	24¾	Met. Wtr. 3pc 'B'	34¼	+¼	8.73	11.27

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS-Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c	250	..	Q25c	10.3	7.0
33	18	Wankie Col. Z$1	19	..	†Q3c	1.2	10.7
28	12	Zam.Cpr.SBD0.24	25		—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
28½	10	♥ACM 20c	17	-1	—	—	—
28	6	♥Argosy Gold NL 25c	7	-1	♦—	—	—
25	15	Balmoral Resources	13	-1	—	—	—
63	42	♥Black Hill Mins.	45	-1	—	—	—
151	52	♥Bond Corp.	57	...	gQ10c	2.3	10.8
154	58	♥Bougainville 1 Kina	139	+5	Q3.42c	♦	1.6
273	147	♥CRA 50c	253	-4	Q3c	—	0.7
154	10	♥Carr Boyd 20c	80	-14	—	—	—
56	20	♥Central Pacific	20	-1	—	—	—
380	152	♥Crusader Oil	238	-10	—	—	—
26	7	♥Cultus Pac NL	9½	-½	—	—	—
27	7	♥Eagle Corp 10c	7½		—	—	—
23	8½	♥Endeavour 20c	10½		—	—	—
810	120	♥G.M Kalgoorlie 25c	565	-30	hQ10c	♦	1.0
244	134	Hampton Areas 10p	212	+3	†3.0	2.8	2.8
32	10	♥Haoma NW	18	-1	—	—	—
94	28	♥Hill Minerals N.L.	55	-3	—	—	—
22	9	♥Intnl Mining	15	.	—	—	—
36	2	♥Kalbara Min 20c	26	-2	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weakens amid EMS uncertainty

The dollar lost ground yesterday as funds were attracted towards the stronger members of the European Monetary System ahead of the weekend and any possible realignment. The D-mark and the Dutch guilder were the principal benefactors.

Sterling was firmer overall, helped by hopes of an early agreement to the current Opec talks.

Most EMS currencies were trading around their lowest permitted levels against the D-mark, the notable exception being the Dutch guilder.

DOLLAR — Trade weighted index (Bank of England) 120.8 against 122.2 six months ago. The dollar has shown renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and balance of payments deficit.

The dollar closed at DM 2.3915 from DM 2.4070 and SwFr 2.05 against SwFr 2.0610. It was also weaker against the yen at Y237.0 from Y237.50 but rose against the French franc to FFr 6.94 from FFr 6.8775.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5005. February average 1.5735. Trade weighted index 79.8 against 79.7 at noon and 79.6 in the morning and compared with 79.5 on Wednesday and 91.7 six months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices. The London Opec conference has proved particularly unsettling. Falling inflation, a decreasing budget deficit and good trade figures until recently have tended to be ignored.

Sterling traded between $1.5040 and $1.5155 against the dollar before closing at $1.5115-1.5125, a rise of 1.05c. It was also higher against the D-mark at DM 3.6175 from DM 3.6150 and SwFr 3.1025 compared with SwFr 3.0950. Against the yen it improved to Y358½ from Y357 and FFr 10.49 compared with FFr 10.32.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.3410. February average 2.4260. Trade-weighted index 130.7 against 125.1 six months ago. A right wing victory in West Germany's general election was largely anticipated by the market, and emphasis is now switching to hopes of lower German interest rates, and increased strains in the EMS as pressure grows on the weaker members.

Several EMS currencies touched their lowest permitted levels against the D-mark in Frankfurt yesterday. The Danish krone fell to its floor of DM 27.715 per 100 krone, from DM 27.75, at the fixing, while the Belgian franc remained pinned to its floor of DM 5.0740 per 100 francs. The Irish punt touched the minimum allowed DM 3.3020, but was fixed slightly firmer at DM 3.3060, compared with DM 3.3130. Outside the EMS the dollar fell to DM 2.3932 from DM 2.4090, and sterling to DM 3.6120 from DM 3.6220.

FRENCH FRANC — Trading range against the dollar in 1982-83 is 7.3250 to 5.6850. February average 6.8791. Trade-weighted index 74.1 against 72.5 six months ago. The French franc has come under increased pressure within the EMS since the result of the West German election. It is now supported by extremely high Eurocurrency interest rates, making speculation against the currency prohibitively expensive, but remains at or near its lowest permitted level against the D-mark, increasing expectations of a devaluation once the French municipal elections are out of the way.

The Bank of France sold a substantial amount of D-marks which turned out to be the lowest level of the day... The dollar was fixed at FFr 6.8980 in Paris, compared with FFr 6.8450 on Wednesday, very close to its EMS ceiling of FFr 6.8985. Latest figures show a currency outflow of FFr 3bn from the French foreign exchange reserves in the week ending March 3. The franc was very weak against other major currencies at yesterday's Paris fixing, with the dollar rising to FFr 6.8775 from FFr 6.85, and sterling improving to FFr 10.4430 from FFr 10.3150.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.6244	−0.77	+1.05	±1.5501
Danish Krone ...	8.23400	8.16541	−0.83	+0.99	±1.6430
German D-Mark	2.33379	2.26422	−2.98	−1.10	±1.0888
French Franc ...	6.61387	6.53952	−1.12	+0.70	±1.3940
Dutch Guilder ...	2.57971	2.50834	−2.73	−0.91	±1.5004
Irish Punt ...	0.691011	0.684793	−0.90	+0.92	±1.6691
Italian Lira ...	1350.27	1350.73	+0.03	+0.77	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 10	£	$		£ Note Rates
Argentina Peso...	98.879-99.072	62.520-69.570	Austria...	26.55-00.66
Australia Dollar...	1.7010-1.7630	1.1640-1.1050	Belgium...	75.16-76.15
Brazil Cruzeiro	594.31-588.51	594.06-580.05	Denmark...	12.97-13.10
Finland Markka...	8.1445-8.1000	5.3990-5.3940	France...	10.36-10.51
Greek Drachma...	124.112-187.456	83.40-83.00	Germany...	3.59-3.63
Hong Kong Dollar	8.987-9.990	6.0160-6.0900	Italy...	2100-2160
Iran Rial...	120.90*	84.55*	Japan...	355-301
Kuwait Dinar (KD)	0.442-0.445	0.2905-0.2889	Netherlands...	3.98-4.09
Luxembourg Fr...	71.25-71.35	47.14-47.10	Norway...	10.75-10.85
Malaysia Dollar...	3.4460-3.4550	2.2840-2.2860	Portugal...	145-170
New Zealand Dlr.	2.3085-2.3100	1.5270-1.5295	Spain...	190-205
Saudi Arab. Riyal	5.2005-5.2000	3.4385-3.4405	Sweden...	11.18-11.28
Singapore Dollar	3.1365-3.1470	2.0785-2.0815	Switzerland...	3.08-3.11
Sth. African Rand	1.6445-1.6450	1.0875-1.0880	United States...	1.50-1.52
U.A.E. Dirham...	5.5020-5.5585	3.0700-3.0735	Yugoslavia...	118-183

*Selling rates

CURRENCY MOVEMENTS

Mar. 10	Bank of England Index	Morgan Guaranty Change %
Sterling...	79.8	−40.1
U.S. dollar...	120.8	+11.0
Canadian dollar...	90.7	−17.0
Austrian schilling...	199.5	+31.4
Belgian franc...	95.2	−0.9
Danish kroner...	83.7	−10.8
Deutsche mark...	150.7	+57.3
Swiss franc...	149.9	+103.5
Guilder...	120.5	+88.2
French franc...	74.1	−19.8
Lira...	08.1	−50.4
Yen...	144.8	+39.2

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Mar. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling...	—	0.722497	0.627784
U.S. $...	8½	1.09032	0.946394
Canadian $...	9.58	*	1.16894
Austria Sch...	4¾	18.3348	15.9277
Belgian F...	14	51.3850	44.6244
Danish Kr...	10	9.43030	8.16541
D mark...	5	2.60935	2.26422
Guilder...	4	2.88717	2.50834
French F...	9½	7.49868	6.53952
Lira...	18	1556.10	1350.73
Yen...	5½	259.100	224.580
Norwgn Kr...	9	7.81378	6.77848
Spanish Pta	—	143.535	125.017
Swedish Kr	9	8.11961	7.04773
Swiss Fr...	4½	2.23810	1.94170
Greek Dr'ch	20½	90.9872	78.0947

* C$/SDR rate for March 9: 1.33615.

THE POUND SPOT AND FORWARD

March 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5040-1.5155	1.5115-1.5125	0.29-0.24c pm	2.10	0.72-0.67 pm	1.84
Canada	1.8460-1.8550	1.8520-1.8530	0.30-0.20c pm	1.62	0.75-0.65 pm	1.51
Nethlnd.	3.99½-4.03	4.00¼-4.01¼	2½-2c pm	6.74	6¾-6¼ pm	6.49
Belgium	70.95-71.70	71.25-71.35	110-125c dis	−18.77	160-190 dis	−9.64
Denmark	12.99-13.10	13.04½-13.05½	10⅝-12¾ore dis	−10.75	26-27⅞ dis	−8.26
Ireland	1.0900-1.1000	1.0965-1.0985	0.42-0.54p dis	−5.25	1.04-1.21dis	−4.10
W. Ger.	3.60-3.64	3.61¼-3.62¼	2⅛-1⅞pf pm	6.22	5⅞-5⅛ pm	5.94
Portugal	139.75-143.25	139.75-141.75	710-1630c dis	−99.75	965-2475dis	−48.88
Spain	198.50-199.70	199.15-199.35	185-345c dis	−15.96	675-780dis	−14.60
Italy	2,153-2,165	2,153-2,155	55-60 lire dis	−32.03	88-96 dis	−17.08
Norway	10.77-10.86	10.83-10.84	1⅛-2¼ore dis	−1.90	7⅛-8¼ dis	−2.84
France	10.36-10.51	10.48-10.50	60-66c dis	−72.07	65-71 dis	−25.93
Sweden	11.22-11.27	11.25½-11.26½	1⅞ore pm-⅛ dis	0.67	⅛ pm-⅛ dis	−0.09
Japan	356-360	358-359	1.40-1.20y pm	4.35	3.85-3.65 pm	4.10
Austria	25.30-25.55	25.40-25.45	13-11⅛gro pm	6.69	37-32½ pm	5.46
Switz.	3.08½-3.11½	3.09¼-3.10¼	2¼-1⅞c pm	7.73	6-5½ pm	7.41

Belgian rate is for convertible francs. Financial franc 75.95-76.05. Six-month forward dollar 0.99-0.94c pm, 12-month 1.56-1.40c pm.

THE DOLLAR SPOT AND FORWARD

March 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5040-1.5155	1.5115-1.5125	0.29-0.24c pm	2.10	0.73-0.67 pm	1.84
Ireland†	1.3710-1.3845	1.3760-1.3775	0.80-0.72c pm	0.65	1.87-1.82 pm	5.52
Canada	1.2235-1.2265	1.2245-1.2255	0.04-0.08c dis	−0.58	0.08-0.12dis	−0.33
Nethlnd.	2.6475-2.6615	2.6480-2.6500	1.10-1.00c pm	4.78	3.13-3.03 pm	4.65
Belgium	47.06-47.30	47.14-47.18	80-100c dis	−22.93	125-155dis	−11.89
Denmark	8.6200-8.6475	8.6250-8.6350	4.80-5.60ore dis	−7.09	10-11½ dis	−4.98
W. Ger.	2.3880-2.4080	2.3910-2.3920	0.83-0.78pf pm	4.04	2.46-2.41 pm	4.07
Portugal	92.50-95.25	93.75-95.25	600-1100c dis	−109.27	700-1700dis	−51.81
Spain	131.55-132.05	131.70-131.80	82-92c dis	−7.93	267-277 dis	−8.26
Italy	1,424½-1,433	1,424½-1,425½	43-48 lire dis	−38.25	69-77 dis	−20.45
Norway	7.1520-7.1725	7.1625-7.1725	2.25-3.25ore dis	−4.60	8.40-8.40dis	−4.96
France	6.8700-6.9300	6.9350-6.9450	43-48c dis	−79.02	48-53 dis	−29.23
Sweden	7.4410-7.4700	7.4450-7.4550	0.80-1.30ore dis	−1.69	2.90-3.40dis	−1.69
Japan	236.60-238.00	236.95-237.05	0.47-0.42y pm	2.25	1.58-1.48 pm	2.56
Austria	16.80-16.83½	16.80-16.81	5¾-4½gro pm	3.48	15¼-12¾ pm	2.33
Switz.	2.0460-2.0590	2.0495-2.0505	0.59-0.54c pm	0.85	2.92-2.87 pm	5.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.20-50.30.

EXCHANGE CROSS RATES

Mar. 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.519	3.619	358.5	10.40	3.103	4.006	2154.	1.868	71.30
U.S. Dollar	0.661	1.	2.303	237.1	0.936	0.052	9.650	1495.	1.205	47.19
Deutschemark	0.876	0.418	1.	99.10	9.900	0.858	1.108	580.4	0.510	19.71
Japanese Yen 1,000	2.768	4.218	10.09	1000.	99.20	9.654	11.19	6006.	5.107	198.9
French Franc 10	0.952	1.441	3.449	341.6	10.	9.958	3.820	2053.	1.766	67.97
Swiss Franc	0.322	0.487	1.166	115.0	3.381	1.	1.290	694.2	0.597	00.98
Dutch Guilder	0.250	0.377	0.903	89.46	2.618	0.774	1.	537.8	0.469	17.79
Italian Lira 1,000	0.464	0.702	1.679	166.4	4.870	1.440	1.860	1000.	0.860	33.10
Canadian Dollar	0.540	0.816	1.953	193.0	0.606	1.675	2.163	1163.	1.	38.48
Belgian Franc 100	1.403	2.121	5.074	502.8	14.71	4.351	0.021	3091.	9.098	100.

FINANCIAL FUTURES

Sentiment improves

Sentiment in the sterling denominated contracts was much better on the London International Financial Futures Exchange yesterday. Volume was also higher in the short sterling deposit, at 1,398, compared with 821 on Wednesday, while activity in the gilt pit increased to 1,963 from 1,593. The June gilt opened 20/32 higher at 103-30, and touched a peak of 104-22, reflecting the strength of the cash market. This followed the better performance of the pound on hopes that the Opec conference would reach an early settlement. June finished 1-6/32 higher than the previous close at 104-16, as thoughts moved once again to the possibility of lower UK base rates.

The June three-month sterling contract traded 1,042 lots. It opened 16 points higher at 89.85, which turned out to be the lowest level of the day, and rose to a high point of 89.98. Earlier this week financial markets were concerned that the weakness of the pound would lead to higher London interest rates, but expectations of an Opec settlement, and the mineworkers' ballot rejecting strike action over pit closures, once again left traders thinking about falling base rates to coincide with next week's Budget. The June price finished 24 points firmer at 89.93, while September ended 22 points up at 90.06.

June Eurodollar's opened 7 points higher at 90.77, and traded within a very narrow range of 90.77 to 90.78 during the morning. The price touched [illegible] of 90.81, but closed only 4 points firmer on the day at 90.74 as Chicago opened depressed and very quiet. Federal Reserve Board chairman Mr Paul Volcker's comments about money supply and inflation continued to overhang the market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

STERLING £25,000 $ per £

DEUTSCHE MARKS DM 125,000 $ per DM

SWISS FRANCS SwFr 125,000 $ per SwFr

JAPANESE YEN Y12.5m $ per Y100

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

STERLING (IMM) Se per £

GNMA (CBT) 8% $100,000 32nds of 100%

MONEY MARKETS

UK interest rates start to ease

UK interest rates showed a softer trend yesterday. Hopes of an early agreement in the current Opec talks tended to underpin sterling and this helped to improve market confidence. Longer term rates lost ground as did rates at the shorter end, giving rise to increased hopes of an early cut in clearing banks base rates. However, much will depend on next week's UK Budget.

The Bank forecast a shortage of around £400m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£375m and the unwinding of previous sale and repurchase agreements −£55m. On the other hand Exchequer transactions added £70m to the system. The Bank gave assistance in the morning £425m, comprising purchases of £44m of eligible bank bills in band 1 (up to 14 days) at 11 per cent and £61m in band 2 (15-33 days) at 11 per cent. It also arranged sale and repurchase agreements on £320m of bills at 11 per cent, unwinding on April 6.

The forecast was later revised to a shortage of £450m before taking into account the morning's operations and the Bank gave no further assistance in the afternoon.

Overnight interbank money opened at 11¼-11⅜ per cent and eased to 11 per cent before reaching a peak of 12 per cent. Later balances were taken down to 10 per cent. Three-month sterling certificates of deposit were down to 11⅛-10⅞ per cent compared with 11¼-11 per cent while discount houses buying rates on three-month eligible bank bills slipped to 10⅞-10¾ per cent from 10⅞-10¾ per cent.

In Frankfurt call money was quoted at 5.70-5.80 per cent compared with 5.90 per cent on Wednesday. Conditions were probably being helped by an influx of funds off the foreign exchanges as the German authorities strived to keep the D-mark within its permitted EMS limits.

LONDON MONEY RATES

Mar. 10 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10-12	—	—	—	11-11⅛	10-11⅛	—	—	—
2 days notice	—	—	11⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	11¼-11⅛	11⅛-11¼	—	—	11⅛	11⅛-11¼	—	—	—
One month	11⅛-11⅛	11⅛-11⅛	—	[illegible]	11⅛	11⅛	11	—	11⅛	11⅜
Two months	11⅛-11	11⅛-11	—	[illegible]	11⅛	—	10¾	—	10⅞	11⅛
Three months	11⅛-10⅞	11⅛-10⅞	11	[illegible]	11⅛	—	—	10⅞	10⅞-10¾	11⅛
Six months	10⅞-10⅞	10⅞-10⅞	—	[illegible]	10⅞	—	—	—	—	—
Nine months	—	—	—	11-10⅞	10⅞	—	—	—	—	—
One year	10⅞-10⅞	10⅞-10⅞	10¾	10⅞-10⅞	10⅞	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.331 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¼ per cent; four years 11¼ per cent; five years 11¼ per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10⅞-10⅞ per cent; four months trade bills 11⅛ per cent.

Approximate selling rate for one month Treasury bills 10⅞ per cent; two months 10⅞ per cent; and three months 10⅞ per cent. Approximate selling rate for one month bank bills 11 per cent; two months 10⅞ per cent; and three months 10⅞-10⅞ per cent; one month trade bills 11⅛ per cent; two months 11⅛ per cent; and three months 11⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.7233 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 11⅛ per cent; one-three months 11 per cent; three-six months 11 per cent; six-12 months 10⅞ per cent. Under £100,000 10⅞ per cent from March 7. Deposits held under Series 3-5 10⅞ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 10	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11-11¼	11⅛-11¼	11¼-11⅛	11-11⅛	10⅞-10⅞	10⅞-10⅞
U.S. Dollar	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅞-9	9-9⅛	9⅛-9⅜
Can. Dollar	7½-9	8-9	9-9½	9½-9⅞	9⅝-9⅞	10-10⅛
D. Guilder	4-4¼	4⅛-4⅜	4⅛-4⅜	4⅛-4⅜	4⅛-4⅜	4⅝-4⅞
S. Franc	3-3¼	3⅛-3⅜	3⅛-3⅜	3⅛-3⅜	3⅝-3⅞	3¾-4
Deutschm'rk	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5¼-5½
French Franc	50-120	260-320	37⅛-38⅜	36-41	27-32	22-25
Italian Lira	40-70	77½-93½	56⅞-40⅛	20-26⅛	22⅛-23⅛	20⅞-22⅛
Belg. Franc Conv.	10½-19	65-63	31-34	19-20⅛	16⅛-16⅛	13⅛-14
Fin.	15-18⅛	15-19⅛	14⅛-15	12⅛-13⅛	12⅛-12⅛	12⅛-12⅛
Yen	6⅛-7	6⅛-7	6⅛-6⅞	6⅛-6⅞	6⅛-6⅞	6⅛-6⅞
D. Krone	10-15⅛	22⅛-26⅛	20-25	18⅛-19⅛	14⅛-16⅛	13⅛-13⅛
Asia $ (Sing.)	8⅛-9	8⅛-8⅜	8⅛-8⅜	8⅞-9⅛	9⅛-9⅜	9⅛-9⅜

FT LONDON INTERBANK FIXING

(11.00 a.m. MARCH 10)

3 month U.S. dollars		6 months U.S. dollars	
bid 9 1/16	offer 9 3/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8⅛-8⅜
Treasury bills (13-week)	8.27
Treasury bills (26-week)	8.30

GERMANY

Lombard	6.0
Overnight rate	5.75
One month	5.65
Three months	5.80
Six months	5.05-5.25

FRANCE

Intervention rate	12.75
Overnight rate	12.875
One month	12.75
Three months	12.75
Six months	12.75

JAPAN

Discount rate	5.5
Call (unconditional)	6.71875
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	2¾-3⅛
One month	3⅛-3⅛
Three months	3⅛-3⅛

NETHERLANDS

Discount rate	4
Overnight rate	4-4
One month	4⅛-4⅛
Three months	4⅛-4⅛
Six months	4⅛-4⅛

$ CERTIFICATES OF DEPOSIT

One month	8.55-8.75
Three months	8.75-8.85
Six months	8.90-9.00
One year	9.05-9.25

LONG TERM EURO $

Two years	10⅛-10⅜
Three years	10⅞-11⅛
Four years	11-11⅛
Five years	11⅛-11⅜

SDR LINKED DEPOSITS

One month	8⅛-8⅜
Three months	8⅛-8⅜
Six months	8⅛-8⅜
One year	8⅝-8⅞

ECU LINKED DEPOSITS

One month	22⅛-23⅛
Three months	14⅛-15⅛
Six months	11⅛-12⅛
One year	10⅞-11⅛

Authorised Units—continued

Insurances—continued

Offshore and Overseas—continued

APPOINTMENTS

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday March 9 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate.